# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,499 Thursday December 13 1984 D 8523 B


**Bhopal disaster tests loyalty of West Virginians, Page 3**

## NEWS SUMMARY

### GENERAL

## Status of Fed under review

Mr Donald Regan, U.S. Treasury Secretary, said the Reagan Administration was considering at a "low level" a plan to bring the Federal Reserve, the independent central bank, under some form of government control. No immediate decision was likely, he said.

Mr Regan also repeated complaints that the Fed had kept too tight a rein on the U.S. money supply in recent months, but he stopped short of calling specifically for further relaxation. Page 29

**Falklands deal**

Some kind of compromise between Britain and Argentina over the Falklands is inevitable and desirable, a House of Commons committee report said in London. Page 10

**Mauritania coup**

Mauritania's former Prime Minister, Lt Col Ould Sid Ahmed Ould Taya, seized power in a bloodless coup, deposing Lt Mohamed Khouna Ould Haidalla, the President, who was out of the country.

**McMahon doubts**

Christopher "Kit" McMahon's future as Deputy Governor of the Bank of England is in the balance because of opposition within the UK Government to his reappointment. Page 20

**Afghans accused**

Pakistan accused Afghanistan of again bombing its territory, saying two jets had dropped four bombs and fired rockets close to the border.

**Iran oil plan**

Iran plans to establish a makeshift oil terminal near the entrance to the Gulf in an effort to maintain exports and neutralise Iraqi threats to tankers using Kharg Island, shipping sources said.

**Treason charges**

Three South African anti-apartheid activists ended a three-month occupation of the British consulate in Durban and two were promptly arrested on treason charges. Page 20

**Call to disarm**

UN Secretary General Javier Perez De Cuellar challenged the right of the two big nuclear powers "to decide the fate of humanity" and called on the people to urge their governments to disarm.

**Oil traders rapped**

Norway is to reprimand three oil companies for selling Norwegian crude to Pretoria, in a tough new government policy on trade with South Africa.

**Italian stoppage**

Italian transport workers briefly halted buses, trains and ferries in support of a tax Bill which has caused divisions within the five-party governing coalition. Page 2

**Ethiopia rain threat**

Unseasonal rain is threatening to destroy the few crops that have survived Ethiopia's drought, the Ministry of Agriculture said in Addis Ababa.

**Sino-Soviet link**

Soviet Deputy Premier Ivan Arkhipov will visit China next week, the highest-ranking Moscow official to go there for 15 years. Page 2

**'Third World' poll**

Four in five Americans have heard the expression "Third World" but some still think it is outer space or the world after nuclear war, according to a survey

### BUSINESS

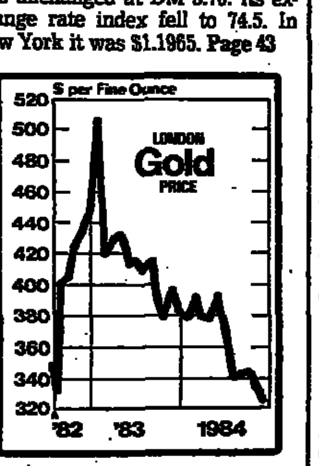
## Dome seeks to cancel issue

DOME PETROLEUM, the big Canadian energy group, asked its 54 Canadian and international bank lenders to let the company drop a plan to raise C$350m ($267m) in new equity. Page 21

WALL STREET: The Dow Jones industrial average closed down 3.20 at 1,175.13. Section III

DOLLAR eased in London to DM 3.0860 (DM 3.0870) and FFr 9.4625 (FFr 9.4650) but firmed to SwFr 2.5530 (SwFr 2.5510) and Y247.25 (Y246.90). Its exchange index on Bank of England figures rose to 142.8 (142.5). In New York it was DM 3.0895, SwFr 2.5585, FFr 9.4725, Y247.25. Page 43

STERLING firmed 15 points in London to $1.20. It rose to FFr 11.3550 (FFr 11.3225), SwFr 3.06 (SwFr 3.0575) and Y296.50 (Y296.00) but was unchanged at DM 3.70. Its exchange rate index fell to 74.5. In New York it was $1.1965. Page 43




GOLD fell $2 in London to $324.75, the lowest since July 1982. It closed in Zurich at $324.60 ($328.55). In New York the Comex December settlement was $325.80. Page 42

TOKYO stocks staged a strong rally, taking the Nikkei-Dow market average 131.51 higher to 11,382.23. Section III

LONDON gilts and equities were unsettled by money supply worries. The FT Ordinary index shed 7.8 to 922.3. Section III

AUSTRIAN Government is to give up to Sch 2.8bn ($133m) to keep afloat and cover the losses of Maschinenfabrik Andritz, the industrial plant construction company. Page 22

CHARTER CONSOLIDATED, UK mining and industrial group, lost £105m ($128m) through the setbacks and declining share values of Cape Industries and Johnson Matthey in the half to September 30 cutting its net assets to £360m. Lex, Page 20; Details, Page 26

SAINT-GOBAIN, French glass and steel pipes manufacturer, expects to increase net profits this year by 50 per cent to about FFr 600m ($63m). Page 23

ROBERT MAXWELL, head of British Printing and Communications Corporation (BPCC), conceded defeat in his £44.2m ($53m) takeover bid for John Waddington, the UK games and packaging group.

NEWS INTERNATIONAL, the UK subsidiary of Mr Rupert Murdoch's News Corporation publishing and television group, is raising $350m in the Euromarkets. Page 44

PILKINGTON, the British glass manufacturer, announced a £104.8m ($125.8m) rights issue which soured the London stock market's reception of a 72 per cent increase in half-year profits. Page 24; Lex, Page 20

TATE & LYLE is paying $43.2m for the agri-products division of Beatrice, the U.S. food group. Lex, Page 20; Details, Page 24

ITT, one of the biggest U.S. conglomerates, is selling the bulk of its oil business for $240m in a move to streamline its operations. Page 21

# Bhopal plant to reopen after 125,000 are evacuated

BY JOHN ELLIOTT IN NEW YORK

THE MADHYA Pradesh state government yesterday tried to stem a rising tide of panic in Bhopal, where more than 2,000 people died last week as the result of a gas leak, by announcing that Union Carbide would re-open its pesticides plant on Sunday to use up the 15 tons of lethal gas still stored underground.

Arrangements are being made for 125,000 people to be evacuated from around the plant where the lethal methyl isocyanate (MIC) gas escaped.

The Government, meanwhile, has sent vetting teams to check safety arrangements at pesticide factories all over India. In Gujarat, a chemical industry centre, the state government has closed one plant and suspended production in 13 others while tests are carried out. Official regulations for chemical plants are being tightened.

Police investigating the gas leak in Bhopal raided the head office of Union Carbide's Indian company in Bombay to examine documents on the plant's design and operation.

The police move came after a senior executive of the U.S. parent group had said in West Virginia on Tuesday that the parent company had had no direct involvement in the detailed design or construction of the Bhopal plant.

Union Carbide has been urging the Madhya Pradesh government to let it restart production, in order to clear the gas. It considered this safer than the alternative of neutralising it with caustic soda and releasing it into the air.

A trial production run was made on Tuesday, but Mr Arjun Singh, the chief minister, whose political career hangs in the balance, resisted the re-opening of the plant because he had announced that it had been shut permanently last week.

The gas leaked when production was closed down, so engineers argue that there will be no risk in restarting the process. Helicopters will spray the plant with water.

Yesterday, Mr Singh announced that corporyl pesticide would be produced; it would probably take four to five days to use up the gas and a harmless smell would build up in the area.

This week the exodus built up again when rumours spread that the plant was about to be reopened secretly. As fear gripped the 1m population, protest demonstrations threatened to become rowdy.

Relief camps are being set up in schools which have been shut down. Additional buses and trains are to take people out of the city.

The railways are short of labour because a large number of staff were either killed or fled from the city on the first night. Their absence makes it difficult to produce a final tally of the numbers of dead. Estimates vary from the state government's total of 1,200 to doctors' figures of about 2,500.

The main Hamedia hospital in the town has been hit by a strike of relief junior doctors protesting against the alleged misbehaviour of a municipal councillor with a doctor.

Saint-Gobain expects 50 per cent profits rise, Page 23

# Brazil-IMF accord clears way for debt talks

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL HAS reached agreement with the International Monetary Fund on a new economic adjustment programme for 1985, clearing the way for the resumption of debt renegotiations with its bank creditors in New York next Monday.

The Finance Ministry confirmed yesterday that agreement with the IMF on a new letter of intent – Brazil's seventh since February 1983 – had been concluded in Washington on Tuesday. Talks had been resumed there after a temporary breakdown of earlier discussions in Brazil.

The highlight of the new agreement with the IMF, according to Sr Alfonso Celso Pastore, the Brazilian central bank governor, is the target for next year of an operational surplus of public sector finances equivalent to 3 per cent of gross domestic product. This compares with the 1984 goal of 0.3 per cent of GDP for the surplus.

The new, tougher target means that the incoming civilian Government which takes over in March, likely to be headed by Sr Tancredo Neves, will find its room for manoeuvre on the domestic economy severely limited.

On Tuesday, Sr Neves emphasised that under his administration Brazil would take "a realistic position" in its dealings with its external creditors. He also reassured foreign investors that their contribution to Brazil's economic development would be welcome.

The outgoing Figueiredo Government has sought to reach a multi-year debt rescheduling agreement with bank and official creditors, covering amortisations to 1990 or 1991. Lack of time and uncertainties created by the recent bank negotiations with Argentina and Brazil's own negotiations with the IMF blocked this aim, however.

When the talks with the 14-member bank advisory committee resume next week they are expected to concentrate initially on a rescheduling formula solely to cover 1985 amortisations. Foreign bankers here say that if the negotiations are not concluded by the end of the month, the conditions covering this year's roll-overs are likely to be maintained temporarily.

According to a report in yesterday's Jornal do Brasil, the breakthrough in the impasse encoun-

**Argentine Economy Minister Sr Bernardo Grinspun arrived in Zurich yesterday at the start of a tour of Europe and the Middle East to win support from bankers for a financial package. Argentina's central bank president Sr Enrique Garcia Vazquez is on a similar mission in Japan and North America. Commercial banks are being asked for loans of $4.2bn as part of a $17.4bn refunding package. About 400 banks are involved.**

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Tancredo reassures foreign investors, Page 4

# EEC opens the door to Ecu home loans

By Quentin Peel in Strasbourg

THE EUROPEAN Commission yesterday took the first big step towards the creation of a common mortgage market in the EEC, which would allow European house buyers to arrange loans from the institution of their choice.

The draft proposal approved by the commissioners at their weekly meeting in Strasbourg would also encourage mortgages to be denominated in European currency units (Ecus), in a bid to bring the Community's fledgling currency into day-to-day use.

Mr Christopher Tugendhat, the retiring British Commissioner responsible for the budget and financial institutions in Brussels, described the move as "a very important initiative for a citizens' Europe," which would enable mortgage institutions to operate throughout the Community.

The draft directive, to be submitted to the Council of Ministers, would abolish all laws in individual member-states which prevent home loans from being advanced for property in another EEC country. It makes no attempt to harmonise the types of mortgages available in the 10 member-states, however.

The move would also allow "mutual recognition" of different home financing techniques in the Community, meaning that each institution should be allowed to offer its domestic techniques in host countries.

For Mr Tugendhat, the initiative represents his last big policy proposal before he returns to the UK. He said the first to benefit from the plan would be EEC workers moving away from their home country but

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EEC agrees car dealer network rules, Page 2

# Brussels stands firm over milk levy deadline

BY IVO DAWNAY IN BRUSSELS

THE EEC Commission yesterday ignored pleas from the Ten's farm ministers by insisting that "super levy" payments for excess milk production be made by the weekend.

The Commission's decision to oppose a request for a fourth postponement of the payment deadline now looks certain to expose the fragile March agreement on restraining dairy output to its most formidable onslaught yet.

If member-states fail to make their payments, the Commission has warned that all advance funds, paid monthly to support milk farmers, will be stopped from next month.

Applied to all countries, that might amount to the withdrawal of more than Ecu 600m ($434m), with serious consequences for national treasuries.

The Ten have two days to decide whether to abide by the Commission's order or to risk the financial consequences. The likelihood is that several member-states – the UK, the Netherlands, Denmark and possibly West Germany – will make the payments.

Others may have more difficulty, however. France and Belgium both said this week that administrative problems made it impossible for them to comply with the timetable. It was as a consequence of this that their partners agreed a delay in order to prevent their farmers paying the levy, while others won temporary exemptions.

If the united front splits, which now seems likely, those who pay will put intense pressure on the Commission to ensure that non-payers are penalised. Alternatively, they may decide to ignore the deadline in the hope that the new Commission, taking office in January, will reinstate the advances due next month and agree to a postponement until May.

Another storm faces the Commission over its decision last week to anticipate super levy payments by deducting them from this month's advances. These included an Ecu 36m deduction for France and an Ecu 4.3m deduction for Ireland. Both countries vigorously contest these estimates.

France says it owes no payments for the first half of the year as it has cut its milk output to below the ceiling set. Market managers in Brussels, however, say that the French argument is based on taking national, as opposed to dairy, output, which is illegal under the regulations.

Ireland also challenges its deduction for failing to take into account an upwards adjustment it is seeking in its total quota. That, Dublin argues in the face of vehement opposition, means an extra 58,000 tonnes should be added to its quota

Advocates of the Common Agricultural Policy (CAP) reform will be relieved that the Commission has at last dug in its heels on the payment date. There is scepticism, however, as to whether the strong stance will be maintained. The intervention of the Christmas holiday period is certain to take some urgency from the confrontation, and there are fears that the new Commission will want to defuse the row in its first few weeks in office.

Furthermore, levy payments are meant to be paid by individual dairies or producers. The Commission will have no clear indication for some time as to whether they have been properly collected instead of simply paid by national governments.

# Creusot liquidation wipes out claims of FFr 5.7bn

By David Housego in Paris

CREUSOT-LOIRE, France's largest heavy engineering group, was put into liquidation yesterday by the Paris commercial court, making it by far the largest business failure in the country's history.

The decision paves the way for Usinor, the state-owned steel group, to take over Creusot-Loire's armaments and metallurgical divisions and for Framatome, the nuclear power group, to take over its energy division.

The two companies have agreed to maintain the Creusot-Loire trademark and to co-ordinate the management of the industrial operations at Le Creusot in central France – once the centre of the Creusot-Loire empire.

The judgment also means the virtual wiping out of FFr 5.7bn ($603m) of creditors' claims. Of this total, FFr 1.2bn was owed to Framatome, formerly a subsidiary of Creusot-Loire, about FFr 3bn to state-owned banks, FFr 600m to suppliers and FFr 200m to the Schneider group, once majority shareholders.

The state holds most of the remaining debts and will also bear the cost of the 2,600 reduction in the workforce envisaged under the takeover plan.

The banks have already made provisions for the loans. Banque de l'Union Européenne is the worst affected in proportion to its size. It was formerly part of the Schneider group and is now linked to Credit Industrial et Commercial. Creusot-Loire suppliers, mostly medium-sized firms located near Le Creusot, are being protected from the impact of the collapse by low-cost government-backed loans.

Though Usinor and Framatome put forward their takeover proposals some weeks ago, the court delayed its decision in a bid to give creditors more protection and to persuade the Government to back a more far reaching rescue package that would have maintained the coherence of the group.

M Louis Gallois, the senior official at the Ministry of Industry, who has handled the Creusot-Loire affair, yesterday rejected this as amounting to a costly nationalisation.

The court reflected its irritation with the Government in a judgment yesterday which stipulated that the double takeover should not have further negative consequences for the creditors.

According to M Gallois Framatome will pay only about FFr 20m of

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Gas disaster tests West Virginia's loyalty, Page 3

# Computer groups seek common standards to counter IBM

BY PAUL BETTS IN PARIS

EUROPEAN computer manufacturers and big U.S. computer groups apart from IBM are holding a four-day private meeting in Paris this week to discuss the adoption of common standards to make their products mutually compatible.

The confidential meeting, described as a "seminar," is regarded by French computer industry specialists as significant. It is the first time that such a large gathering of U.S. and European computer groups has been assembled to discuss the implementation of so-called open system interconnection (OSI) standards.

The U.S. computer groups at the Paris meeting, due to end today, include Sperry, Burroughs, NCR, Digital Equipment and Hewlett-Packard. They discussed the application of new common standards to compete against the dominance of IBM with the 12 leading European information technology companies which agreed to adopt OSI standards earlier this year. The European companies are Bull, CGE, Thomson, AEG, GEC, ICL, Nixdorf, Olivetti, Philips, Plessey, Siemens and Stet.

Bull, the French state-owned computer group, and its chairman M Jacques Stern have taken a leading role in promoting the implementation of OSI standards by computer manufacturers on both sides of the Atlantic. Bull sees this as a significant way to develop the computer market and to try to challenge IBM's dominance of the sector.

Bull, however, also yesterday unveiled its Micral 30 IBM-compatible personal business computer. This represents an important evolution for the French electronics industry which for the past two decades has sought to develop a fully independent computer industry not reliant on IBM standards.

M Francis Lorentz, Bull's managing director, acknowledged yesterday that for Bull "to impose our standards is ridiculous." The introduction of the new model was further evidence that "Bull is no longer in a ghetto but is opening itself to the outside world," he said.

M Lorentz said the Bull product responded to prevailing market standards. It also marked the entry of the French computer group into the personal computer market. Bull was hoping to gain 5 per cent to 7 per cent of the European market for personal computers for professional use.

M Lorentz reaffirmed Bull's commitment to the new OSI standards and said European computer manufacturers had agreed "unanimously" to promote these common standards. He also suggested European computer makers had recently scored points by promoting these standards with their main competitor, IBM.

Bull is introducing its new IBM-compatible personal computer well after other leading manufacturers have introduced similar products. M Lorentz acknowledged that Bull was entering the market late. Bull lost FFr 625m ($86m) last year and is hoping to return to the black in 1986.



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EUROPEAN NEWS

# Europe urged to use one system for satellite TV

BY JASON CRISP IN LONDON

THE EUROPEAN countries should combine to launch direct broadcast by satellite (DBS) television services rather than running a number of different systems, Mr Andrea Caruso, secretary general of Eutelsat, said yesterday.

Mr Caruso told the Financial Times World Telecommunications conference in London that the establishment of a common European system would make a second generation of DBS financially viable.

He said the European countries should give serious consideration to getting together as they did for Eutelsat, which operates the European telecommunications satellite services, in 1977. That would allow them to consolidate their requirements and to share the financing of a common space segment able to provide extensive coverage over Europe.

"One system instead of five, six or more; two or three satellites in orbit instead of 10, 12 or more; two or three launches in total... one satellite and communication control centre and one single management entitity," he said.

"This alternative is worth considering if our wish is to make DBS reasonably viable. From discussions I have been having at very high level in certain countries, it would seem there is some room for optimism."

Mr Edmund B. Fitzgerald, president and chief executive of Northern Telecom, warned that attempts to preserve jobs by restricting access to the latest high-technology products through regulation would create unemployment and inhibit economic growth.

Mr Fitzgerald said a national telecommunications network must incorporate the latest technology available or else its users would be forced to find other sources. "They will have no choice, because their international competitiveness will be at risk if they accept the inflated costs and reduced efficiencies inherent in using outmoded technologies."

He said the new capabilities of integrating voice and data networks internationally suggested that the traditional practice of identifying economic activity with national boundaries might be obsolete. "Ultimately, the information component of all goods and services will flow so freely through the global telecommunications network that effective regulation may be impossible."

A call for greater competition was also made by Mr Kenneth Phillips, vice-president of the office of telecommunications policy at Citicorp. He said the free world countries must do all within their powers to foster the growth of competition within their borders. At the same time they should seek methods of equitable global information distribution across their borders.

"If we as telecommunications users and information providers succeed in shaping our nation's policies in these directions we will have enriched the world in which we live... by having brought to all peoples the fruits of the information revolution," he said.

The time has come for "user-dominance" both in Britain and overseas, said Sir Douglas Lowe, chairman of Mercury Communications, the UK network competitor to British Telecom. "The marketplace will be the driving force. Competition is there to provide telecommunications managers with the incentives and the means to offer major improvements in the handling of information within their organisations and thereby increase overall business efficiency. Mercury intends to assist with both means and ends."

Sir Douglas pointed out that Mercury faced a huge task in competing with British Telecom. "It is not a question of Mercury seeking special treatment and a right to print money. But in a capital-intensive industry where the cost of entry is high and where BT, although legally deprived of its monopoly, will continue to tower over most areas of the telecommunications market, there must be a framework of effective regulation for the purpose of cultivating fair and transparent competition."

He said that Mercury had faced a surprising struggle to get that recognised in government—"Largely, I suspect, because of the enormous influence which the entrenched monopoly, so recently part of the Civil Service, could bring to bear on all levels of government and increasingly in more recent months, by the policy conflicts between maximising the sale proceeds of privatisation and the broader aims of liberalisation."

Mr James R. Carreker, senior vice-president of Dataquest, said the forces of competition in telecommunications had the greatest effect in the emerging markets such as advanced terminals, workstations and local area networks. "In an emerging market, the earliest player is taking the greatest risk but has the greatest potential for reward."

Mr Bruce Williams, director of Arthur D. Little, predicted that prices of cellular radio equipment would fall sharply. He predicted that total annual costs of mobile telephones would fall from $2,000 a year in 1984 to $1,000 a year in 1994, of which $400 represented the lease of equipment.

"Even if someone develops a mobile unit for $100 or so, there will still be an annual usage charge of $600. This is why we do not see cellular radio becoming a consumer item in the near or medium-term future."

FINANCIAL TIMES CONFERENCE

**World Telecommunications**

# Cypriot leaders expected to hold talks in January

BY OUR UNITED NATIONS CORRESPONDENT

PRESIDENT Spyros Kyprianou of Cyprus and Mr Rauf Denktash, the Turkish-Cypriot leader, held further separate talks with Sr Javier Perez de Cuellar, the UN secretary-general yesterday amid cautious optimism that the main elements of a settlement of the Cyprus problem would soon be in place.

After his meeting with the secretary-general on Tuesday evening, Mr Denktash said he was 99.9 per cent certain that Mr Kyprianou would accept the UN invitation to both leaders to hold a summit meeting in January.

It would be their first face-to-face talks for five years. UN officials said New York was the likely venue, although Nicosia and Geneva were also mentioned.

It had been expected that Tuesday's talks between Sr Perez de Cuellar and the Cypriot visitors would be followed by a formal announcement about the summit.

It was understood that the reasons for a delay in making a formal statement may have been more technical than substantive.

Mr Denktash, who all along has been more optimistic in public than the other side, told correspondents: "There is no problem." But other sources said Mr Kyprianou still had some reservations.

The talks began in September in what was widely regarded as a last-ditch effort by the secretary-general to end the crisis after repeated diplomatic failures.

# How EEC will keep the cash flowing

By Quentin Peel in Strasbourg

**REJECTION of the Ecu 26bn (£15.6bn) budget for the European Community in 1985 by the European Parliament this afternoon is practically a foregone conclusion. The only doubt is over the size of the majority.**

**But the question remains whether the exercise will be an empty gesture by the 434 MEPs, or a substantial reminder of the one real power the Parliament possesses. Will it affect the lives of EEC citizens or will it be merely a theoretical paper exercise?**

**Mr Jim O'Keeffe, current president of the budget council of ministers whose draft is about to be torn up, is in no doubt that it will cause real problems.**

**"It is my belief that farmers themselves will suffer," he declared in Strasbourg, after appealing to MEPs not to reject the budget.**

**The programmes of the social fund, food aid to the third world, and new projects intended to get off the ground in 1985 would all be hit, said Mr O'Keeffe, who is also the Junior Irish Foreign Minister.**

**M Jean-Pierre Cot, chairman of the Parliament's budget committee, disagrees. "The European Parliament expects existing policies to be honoured, which is perfectly possible," he said yesterday. "I agree it blocks the introduction of new policies, but that should be all."**

**The truth is that when the Parliament last rejected a budget, for 1980, the Commission was able to get by until a new budget had been approved.**

**It was, however, sharply criticised by the European Court of Auditors, and the Parliament for being so permissive in its spending.**

**If the budget is rejected, the European Commission will be forced to function on the system of "provision twelfths," which means that finance will be limited each month to one-twelfth of the 1984 budget, or one-twelfth of the 1985 draft budget, whichever is the lower. The system applies to each different line in the budget, rather than to the overall total.**

**As a result, the total spending on farm price support under the Common Agricultural Policy—by far the largest part of the budget—is likely to come down from Ecu 19.3bn this year to Ecu 16.07bn, or Ecu 1.34bn a month, against an estimated need of Ecu 1.6bn a month.**

**However, as M Cot is quick to point out, the Commission can ask the Council of Ministers to let it spend more money ahead of time, and this only requires a qualified majority of the 10 member states to do so.**

**If the Commission gets permission from the Council to keep spending agricultural funds as it needs, then they should last until October, M Cot says. "It is simply a matter of the political will of the Council, to honour policies solemnly decided."**

**As for non-agricultural spending, the Commission can also ask to spend more than the monthly twelfths, but in that case it is up to both the Council and the Parliament to approve.**

**The problem is that the system will be clumsy, and will prevent transfers being made from one spending line to another to meet emergencies.**

**The other question is whether any member states, such as Britain and West Germany, will see the absence of a budget as an ideal opportunity to impose long-sought budget discipline, and simply refuse to approve any payments beyond the limit of provisional twelfths.**

**Behind Parliament's rejection of the budget lies an attempt to step up pressure on West Germany to lift its current veto on increasing member states' contributions in the course of 1985.**

**Tom Burns** looks at the strength of Spain's Socialists on the eve of their party congress

# Gonzalez' popularity survives the U-turns

WHEN Prime Minister Felipe Gonzalez faces the party faithful today at the opening of the four-day Congress of the Partido Socialista Obrero Espanol (PSOE), he could be forgiven a certain sense of self-satisfaction. He was first elected leader of the Spanish Socialist Party just 10 years ago, when he was 32, at a semi-clandestine meeting held on the outskirts of Paris. General Franco's censors ensured that the meeting went unreported in the national Press.

The party congress is the first to be held since Sr Gonzalez vaulted to power in October, 1982, as the PSOE gained 202 seats in the 350-member Congress chamber. A special book has been published for the occasion, entitled "Felipe Gonzalez: From Suresnes (the Paris suburb where the 1974 congress was held) to the Moncloa (the palatial official residence of the Spanish Prime Minister." On paper, the congress looks like being the beatification of the party leader.

Sr Gonzalez has steered the PSOE through a remarkable transition. The Suresnes group of young radicals has expanded far beyond becoming the majority party in Spain, something it had never been, even when the political pendulum swung to the Left during the Spanish Republic of the 1930s. The PSOE, with Sr Gonzalez at its head, has become the governing class.

The Prime Minister does not talk in terms of carrying out policies through a parliamentary legislature and then hoping they will be endorsed to allow him to serve a second term. Sr Gonzalez and his alter-ego, Sr Alfonso Guerra, the deputy Prime Minister, who has been his closest friend since their student days in Seville, talk about a 25 year governing project.

The project has little to do with building socialism but everything to do with consolidating democracy and making Spain a tolerant, modern-minded society that has buried its historical ghosts and complexes. One of Sr Gonzalez's proudest claims is that he has never carried out what he calls "a judgment of Franquismo."

Such is the ascendancy of Sr Gonzalez over the party that there is little doubt that, by the time the congress winds up on Sunday, the PSOE will have carried out two singular political U-turns: The party will decide that staying inside Nato is best and it will recognise that an orthodox monetarist approach to the economy is a sound way of promoting growth.

Sr Gonzalez . . . could be forgiven a certain self-satisfaction

The Nato issue and the amendments to the party's economic programme will polarise the debates, but they will not shake the leadership. Sr Gonzalez pulled off something harder two congress's back when he bulldozed the party into dropping its Marxist label by threatening to abandon politics if it did not.

The so-called critical line within the party that describes itself "socialist Left" represents less than a quarter of the 768 delegates attending the congress. The vast majority are termed "officialistas," meaning blue chip supporters of the leadership and in fact at least 30 per cent of the delegates hold top administration jobs.

Sr Gonzalez's mesmeric grip over the rank and file is the result of his far greater hold over the socialist voter at large. The proportion of socialist militants to PSOE voters is nearly one in 10. The party won 46 per cent of the votes in 1982 thanks to Sr Gonzalez's ability to project himself as a national leader.

In the electoral campaign, the Prime Minister came across as a leader who blended decisiveness with compassion and who touched a generational nerve chord with his call for the modernisation of Spanish society. Suitably, the slogan for the party congress has nothing with those of previous ones which were variations on the theme of "Socialism is liberty." The present convention motto is a catchall "Spain: A compromise for solidarity" which has a "one nation" ring to it.

The "25 years in power" that Sr Gonzalez and Sr Guerra discuss is no idle boast. At the mid-term stage of their four-years in power, Sr Gonzalez and his party continue to outscore the conservative opposition by a two to one margin. By Sr Guerra's own reckoning, if general elections were held tomorrow, the PSOE would be returned with 200 seats. There was general disbelief when the Sr Guerra predicted that in the run up to the 1982 polls and when he repeats the claim now he is almost certainly correct.

One of the stranger features of current Spanish politics is that Sr Gonzalez in government has suffered virtually no erosion in his popularity, despite climbing unemployment, a fall in real incomes and the reneging on former positions such as the original blanket opposition to Nato. A revealing statistic of the Government's dominance is that the second most popular politician is not the opposition leader but, Sr Guerra.

There is a negative interpretation of this oddity which is that the alternative in government to Sr Gonzalez is Sr Manuel Fraga Iribarne, the leader of Coalicion Popular. Sr Fraga, 20 years Sr Gonzalez's senior and saddled with associations to Franquismo, is simply not a viable alternative. A more positive explanation is that Sr Gonzalez is exactly what his friends claim him to be: a statesman of outstanding ability.

# EEC agrees car dealer network rules

BY QUENTIN PEEL IN STRASBOURG

CAR MANUFACTURERS in the EEC were told yesterday that they must not try to stop car buyers from shopping around in the Community for the cheapest price available. But they have been given some loophole to escape strict enforcement of the rules.

The European Commission finalised the conditions under which major motor manufacturers can maintain their exclusive distribution networks which would otherwise be in contravention of EEC competition rules.

The conditions include allowing car buyers to obtain servicing and repairs under manufacturers' warranty anywhere in the Community; allowing spare parts supplied by third parties to be stocked by their exclusive dealers, if they are of equal quality; and allowing consumers to order new cars outside their country of residence —for example, British purchasers buying right-hand drive cars in Belgium.

The new rules mean that the Commission may take away a manufacturer's right to an exclusive network of dealers if he contravenes the conditions.

The Commission has, however, stopped short of spelling out rigid regulations on price differentials between member states, currently up to 30 per cent and more for the same models between Belgium and Britain.

But it warns that "if supplements are charged which are not objectively justified, and which take the price above that established in competition, a Commission proceeding for abuse of the exemption may follow."

In an accompanying set of guidelines for implementation of the regulations, an upper limit of a 12 per cent price differential is proposed, although it also provides for periodic fluctuations up to 18 per cent.

It also suggests extenuating circumstances which can be used by manufacturers as a defence against action by the Commission, including "extremely high taxes" in a particular member state and national price control measures. A combination of such circumstances would exclude Belgium, Luxembourg, Denmark and Greece from strict enforcement of the new conditions.

Mr Tony Venables, Director of the European Bureau of Consumer Unions in Brussels yesterday urged consumers to exploit the regulation to the full by seeking to buy at the cheapest EEC prices, and by making complaints to the Commission if they are prevented from doing so. The regulation comes into effect on July 1, 1985.

**The UK yesterday won its rearguard action to prevent the compulsory introduction of 40 tonne trucks from the EEC onto British roads, writes Ivo Dawnay in Brussels.**

**After two days of talks in Brussels, Transport Ministers of the Ten agreed to accept an exemption for Britain and Ireland from the new 40 tonne maximum weight limit due to come in shortly for all other EEC trucks. Instead, they can maintain a 38 tonne ceiling.**

# Bonn drops attempt to raise more revenue

BY RUPERT CORNWELL IN BONN

FACED by insuperable splits in its own ranks, the ruling centre-right coalition yesterday gave up efforts to raise new revenue to make good the DM 2bn (£540m) lost throught be recent withdrawal of a 1983 income tax surcharge for higher earners.

The three parties, the CDU, the Bavarian CSU and the liberal Free Democrats (FDP) have been squabbling over the issue ever since the surcharge, known as the "forced loan," was ruled unconstitutional by the Supreme Court here more than a month ago.

Both the smaller parties, the FRP and the CSU insisted that given the sharply reduced federal deficit and the modest level of expansion no replacement was required.

The Christian Democrats, led by Herr Gerhard Stoltenberg the Finance Minister, fought to the last for offsetting measures, affecting individuals with income of more than DM 50,000 per year who would have been hit by the previous surcharge.

The differing stances reflected political factors too. Both the FDP and CSU were anxious not to hurt their predominantly wealthier electorates, while the CDU was keen to show itself a champion of the lower paid.

But despite CDU's compromise suggestion that higher earners should not benefit from the imminent DM 20.3bn of tax tax cuts until 1988, the hostility of the two smaller partners proved too strong.

However, the FDP and CSU have now dropped demands that the entire package—proclaimed by Chancellor Helmut Kohl as the largest ever in the country's postwar history—should be introduced at once, instead of being phased in in two stages between 1986 and 1988.

Armed with this agreement at least, Herr Kohl confirmed last night that the draft Bill for the tax measures, aimed at increasing allowances, especially for larger families, will go before the Cabinet for approval next week.

# Italy's small businessmen to strike over tax Bill

BY JAMES BUXTON IN ROME

SHOPS AND artisans' workshops throughout Italy will go on strike today as their owners demonstrate to a divided Government their determined opposition to a Bill designed to make them pay more tax.

The protest strike, the second in less than two months, comes as the political battle over the Bill reaches a climax—one which poses grave dangers for the Government of Sig Bettino Craxi.

The Bill, drafted by Sig Bruno Visentini, the Minister of Finance, is aimed at ending long-standing tax evasion by small businessmen and self-employed professionals. Its most controversian provision gives tax inspectors the right to make assumptions about profits of a busniess on the basis of its turnover.

The protest will only add to the fears of the Christian Democrats and two other parties in the ruling five-party coalition that the tax Bill, if approved as it stands, could cost them millions of votes in next spring's important regional elections.

Only with great difficulty did the Government succeed late last month in getting the Bill approved by the Senate.

It was necessary to attach a vote of confidence on the Government as a whole to each clause in the Bill to ensure that Government senators voted for it.

Now the Bill has come to a virtual standstill in the Chamber of Deputies, the Lower House, because Sig Visentini, who is also chairman of the Republic Party, has resolutely refused to accept more than minimal amendments

# Sindona refuses to take part in trial proceedings

BY ALAN FRIEDMAN IN MILAN

SIG MICHELE SINDONA, the Sicilian financier and former Vatican advised, who went on trial ten days ago on charges of fraudulent bankruptcy, yesterday informed the court in Milan that he would not take part in the proceedings.

Sig Sindona, who was convicted in New York in 1980 on charges connected with the 1974 collapse of the Franklin National Bank, informed the judge in Milan yesterday that he was unwilling to appear in court because he felt it wrong to be tried by the same judges and prosecutors who last June sentenced 22 of his Italian banking colleagues.

Sig Sindona, who was extradited from a federal penitentiary in New York on September 25, said in a letter to the court that he would remain instead at the women's prison of Voghera, just south of Milan, where he is being held under maximum security.

The Sindona trial went ahead anyway yesterday. Italian law allows defendants to be tried in absentia. But Sig Sindona will be forced to appear in court, possibly as early as next week, to be questioned about the collapse of his Banca Privata empire in Italy in 1974.

The bulk of yesterday's session was taken up by the reading of a deposition given by Sig Sindona to Italian magistrates while he was still in the U.S. In the deposition, the former mentor of Banco Ambrosiano's late Sig Roberto Calvi denied knowledge of an alleged list of 500 famous Italians who had violated currency laws.

# Moscow worried by scale of petrol theft

By Patrick Cockburn in Moscow

**SOVIET AUTHORITIES are showing concern at the rate of theft of very large quantities of fuel for the use of private motorists.**

**Over the last seven years the number of privately owned vehicles in the Soviet Union has risen by 150 per cent but official petrol sales have increased by only 20 per cent, according to Mr Vitalii Federchuk, the Internal Affairs Minister.**

**He says the difference between the two figures is explained by theft from the state.**

**The Communist Party daily Pravda this week revealed that in the northern region of Kirov the milometers of 5,000 state cars were found to have been tampered with by their drivers. They would then claim to have driven long distances and syphon off unused petrol.**

**"In Moscow province 40 per cent of all trucks have milometers that do not work or are defective," says Mr Federchuk.**

**He said the failure to set up petrol stations in rural areas forced people to break the law.**

**Workers on collective and state farms ladle out petrol for their own personal use as if they were dipping into a deep well, says Pravda.**

**A typical quid pro quo is a tank of petrol for a bottle of vodka, says Pravda.**

**Illustrating the extent of the practice of selling fuel to private motorists, Mr Federchuk said that near a single boat dock in Kiev 120 truck drivers who had sold petrol were detained in a 15-day period.**

**It is also common practice for attendants at petrol stations to fix the gauge so that between one and five litres of petrol less than is shown on the pump actually enters the tank.**

**The claims by Mr Federchuk and Pravda are confirmed by a survey of almost 2,000 people, which showed that 38 per cent of all petrol used by private car owners was bought on the black market at low prices.**

# Polish army newspaper attacks IMF

By Christopher Bobinski in Warsaw

**POLAND'S army newspaper Zolnierz Wolnosc yesterday described the International Monetary Fund as an "instrument of political influence acting in the interests of monopoly capital."**

**The blast against the IMF comes on the eve General Wojciech Jaruzelski's visit to Czechoslovakia where the Polish leader can expect to hear an "orthodox" view of his pragmatic policies towards the Polish church, private agriculture and the economy.**

**The Polish article draws heavily on an attack published recently in a Czechoslovak economic weekly which accused the fund of adopting designed to influence a policy towards Romania "politically."**

**Romania and Hungary are members of the IMF. Czechoslovakia is not.**

# Gas industry 'must now compete with cheaper fuels'

BY DOMINIC LAWSON IN VIENNA

GAS WILL have to compete with lower-priced fuels if it is to increase its share of the European energy market, **Dr Marcello Colitti**, president of Enichem Polimeri of Italy, said yesterday in Vienna on the second day of the FT European Gas Conference.

The sheer weight of gas in the European energy market indicated that the premium markets, such as domestic uses, have already been largely taken over by gas, and only the poorer markets remain.

Dr Colitti argued that the energy market as a whole has a built-in mechanism for curtailing demand. This was partly because energy-saving projects have a very quick pay-back period and also because the energy-related industries have lost their leadership of the modern economy.

The electronics-related industries and services were now the leaders, offering cheaper ways of producing almost everything, said Dr Colitti. He added that European energy demand will never be buoyant in the future and the emphasis would remain on competition among different energy sources.

**Mr Erik Bjelland**, the gas general manager of Statoil, the Norwegian state oil and gas company, conceded that "gas must compete with other fuels."

Mr Bjelland said that the British Gas Corporation was the most important business client of Norway. The British Government is currently blocking the signing of a British Gas deal to buy £20bn of gas from Norway's Sleipner field.

Mr Bjelland said that Statoil "remains optimistic that Sleipner will get through." However, if it was turned down, then Norway would consider development of the Troll field, the world's second largest offshore gasfield.

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CONFERENCE

Asked by Mr James Allcock, director of British Gas's petroleum purchasing department, whether in selling Troll gas to Europe Norway would compete with Soviet gas on price, Mr Bjelland replied that "the Soviet Union will always be able to out-compete us if they want to."

**Dr Balint Balkay, senior research fellow of the Hungarian Academy of Sciences**, warned against over-estimating the importance of gas exports to the Soviet Union. He argued that, despite the Soviet gas export drive in 1975-80, the Soviet Union's net gas exports are insignificant, compared with its total gas output and, in fact, declined in percentage terms between 1980 and 1982.

Dr Balkay pointed out that the main task for the Soviet gas industry was to supply western regions of the Soviet Union with supplies from Siberia. Dr Balkay said that any future Western embargo of Soviet gas would, if anything, boost the Soviet gas industry's own capabilities. On the other hand, future pipeline links to the West would provide Western countries with "huge sales opportunities."

**Dr Arthur Whiteman, professor of petroleum exploration at** Aberdeen University, said that published assessments of West European gas reserves were likely to prove severe underestimates.

He questioned the hypothesis that a future shortfall in West European gas supplies in the mid-1990s would have to be met by imports from outside Western Europe.

Dr Whiteman said that there would be sufficient gas reserves **in noth-east Europe, paticularly** in Norway, to match West European gas demands throughout the 1990s.

**Gasunie, the Netherlands state gas company is studying the possibility of setting a price freeze for at least the first quarter of 1985, AP-DJ reports from Amsterdam. Natural gas prices for industrial consumers have risen by about 21 per cent this year.**

Mr George Miller, director of Morgan Grenfell, the merchant bank, said there was no such thing as "the gas market." Instead, there was a Japanese market, a European market, a UK market, a U.S. market, and so on. The generality of the future is of no interest, said Mr Miller. What matters is the specific pattern of the characteristics of each individual gas transaction.

As an example, Mr Miller pointed to the proposed Sleipner gas deal, which featured negotiations between a willing buyer, British Gas, and a willing seller, Statoil. However, there were other vested interests inimical to the project in both countries working hard to widen the divisions between **the Norwegian and British Governments.**

Concluding the conference, **Mr Peter Vrancken**, senior natural gas representative of Shell Oil, said that the surplus gas delivery capacity in the U.S. had created a climate of intense competition in which marketing skills were at a premium. This "gas bubble" will be around two trillion (million million) cubic feet at the end of the year. Whether it is absorbed will depend on whether the pipeline companies can recapture some of the markets they have lost, and on what volume of Canadian gas imports penetrate the U.S.

Mr Vrancken said that, if the decline in drilling activity caused by this bubble and price regulation are not reversed, "there will be damaging consequences for the nation's reserves and also for the oil service industry."

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# OVERSEAS NEWS

## Soviet Deputy Prime Minister to visit Peking this month

BY MARK BAKER IN PEKING

A LONG-TERM trade agreement between China and the Soviet Union is expected to be concluded this month on the visit to Peking by the most senior Soviet official to have formal talks in China since the two countries split in the early 1960s.

Mr Ivan Arkhipov, the Deputy Prime Minister, will arrive in Peking on December 21, the Chinese Foreign Ministry confirmed yesterday.

Whilst the visit is expected to concentrate on trade and other economic co-operation issues, especially agreements for the Soviet Union to refurbish several factories constructed with Soviet assistance during the 1950s, both Moscow and Peking are hoping it will help to ease the considerable political tensions between them.

A scheduled visit to China in May by Mr Arkhipov was cancelled without explantion by the Soviets the day before he was to arrive in Peking. This came after President Reagan's China tour, an event which sorely displeased the Soviets, and after a flare-up in military clashes along the Sino-Vietnamese border.

China still insists that Soviet military support for Vietnam, especially in Kampuchea, remai especially in Kampuchea, remains a barrier to normalisation of relations. It is opposed also to the continuing Soviet military build-up in the Far East and the occupation of Afghanistan.

However, China sees the Arkhipov visit as a good opportunity to rebuild contacts with Moscow without relinquishing its stand on the "three obstacles" which have bogged down a series of consultations at vice-foreign minister level over the past two years.

Mr Arkhipov, whose formal title is first Vice Chairman of the Soviet Council of Ministers, is remembered with some affection in China for the role he played in supervising agricultural assistance in the 1950s.

A Chinese Foreign Ministry official referred to him recently as "an old friend of China."

Mr Arkhipov will arrive the day after Mrs Margaret Thatcher, the UK Prime Minister, ends her brief visit to Peking to initial the agreement under which Hong Kong will revert to China in 1997.

The Foreign Ministry has given no indication of how long he will stay in China or what places he will visit apart from Peking.

Reuter reports from Tokyo: Japan and the Soviet Union yesterday opened three days of economic co-operation talks here, the first since 1979, and chief delegates called for improved economic ties.

Mr Vladimir Sushkov, Vice-Foreign Trade Minister, heading the 70-member Soviet delegation, told the opening session of the ninth meeting of the Japan-Soviet economic co-operation committee that both sides should try to improve relations.

The annual committee meetings were suspended in 1979 after Moscow's military intervention in Afghanistan but last October the two sides agreed to resume the talks.

## South African payments deficit down sharply

BY JIM JONES IN JOHANNESBURG

RESTRICTIVE economic measures introduced in July and August are starting to have the desired effect on the South African economy, the country's Reserve Bank says.

In its December quarterly review, the Reserve Bank says that the balance of payments on current account improved significantly in the third quarter even though imports rose sharply. On a seasonally adjusted annualised basis the current account deficit dropped to R830m (£372.7m) from a second-quarter figure of R1.35bn and a first quarter figure of R2.76bn.

Significantly, the review adds that the current account moved into surplus in October while, in November, the Reserve Bank's net foreign reserves increased.

Private consumption expenditure, which was the main target of the corrective economic measures, dropped sharply in the third quarter to R13.89bn from R14.31bn in the second quarter. The decline was particularly marked in the consumer goods sector. Equally as important was that government spending slipped to R4.54bn from the second-quarter level of R4.55bn, even though government spending did not react immediately to the economic measures.

The bank concedes that its aims cannot be achieved immediately. Imports rose sharply in the third quarter to R21.71bn from the previous quarter's R19.83bn. The bank says that import volumes did not react immediately to reduced consumer spending. As a result, inventories increased, giving rise to a greater demand for bank credit, which masked a drop in demand for hire purchase finance.

## Sasol may rehire workers

SASOL, the South African synthetic fuels producer which is 30 per cent owned by the Government, said yesterday it will consider rehiring some of the 6,000 black workers fired last month from its two chemical plants in the Transvaal town of Secunda, AP reports from Johannesburg.

The company was responding to a statement on Tuesday by the Council of Unions of South Africa (Cusa), the nation's biggest trade union federation, threatening a general strike if Sasol refused to reinstate the former employees.

The Sasol workers were fired in November after they supported a two-day job boycott involving hundreds of thousands of black workers in and around Johannesburg in protest against the apartheid policies of the Government.

Cusa, which claims to represent about 160,000 workers, most of whom are black, on Tuesday called on Sasol to begin negotiations with the Chemical Workers Industrial Union, which represents most of the dismissed employees.

Sasol said yesterday that it had received job applications from some of the fired workers and these "will be sympathetically considered together with other applications, provided such employees can satisfy Sasol that they were not guilty of intimidation or incitement to participate in the stay-away and that they were victims of such intimidation or incitement."

Sasol said it would not discriminate against union members

## Lebanon mountain fighting continues

THE WORST mountain fighting in Lebanon since last year continued yesterday between Christian militias and the Lebanese army on one side and Druze militias of the Progresseive Socialist Party on the other, Nora Boustany reports from Beirut.

A Cabinet meeting held in the absence of Druze chieftain Mr Walid Jumblatt failed to put an end to the violence.

The fighting gathered momentum late last week when the Druze announced their rejection of a Government security plan aimed at deploying army soldiers in Iqlim al Kharroub, the southern Chouf region.

A serious escalation of rocket and artillery duels on Tuesday was attributed to attempts by the Christian Lebanese forces to lift a siege off the southern port of Jiyeh, the only access Christians have to the Iqlim.

The pressure of Druze gunners kept the vital Beirut-Iqlim sea link shut and officials of the Progressive Socialist Party vowed it would never reopen.

Shells slammed into Christian and Druze residential areas south and east of Beirut

### Jakarta Government assures expatriates

EXPATRIATES IN Indonesia have been assured by the Government that it does not oppose employment of foreign workers, writes Kieran Cooke in Jakarta.

Mr Sudomo, the Labour Minister, told a recent seminar on labour problems for foreigners that "we welcome you and need you here, but we also ask you to train us and leave us with your vital expertise."

About 200 foreign workers, including some executives, have recently been expelled from Indonesia for not having correct documents. Mr Sudomo admitted that there were many bureaucratic bottlenecks in various ministries and often work permits and residence documents took more than two months to process.

### Mitterrand warns on Chad operations

French president Francois Mitterrand said yesterday if there were any French military operations in northern Chad in future, the Chadian forces of President Hissene Habre "would have to go in first."

Asked at a news conference following a two-day French-African summit meeting to elaborate on this remark, M Mitterrand replied: "Habre is his own master. He is free to act in his country as he wishes. Wait and see."

AP

### Packer sues for defamation

Mr Kerry Packer, the Australian media tycoon, who has vigorously denied an official inquiry's allegations linking him to organised crime, is suing for defamation a top barrister involved in the probe, Reuter reports.

Packer's legal adviser, Malcolm Turnbull, said yesterday that a writ for damages against Mr Douglas Meagher claims that he leaked excerpts of the inquiry's confidential report to a leading weekly newspaper.

### Australia records payments surplus

Australia's balance of payments as measured by net official monetary movements swung around to a $223m (£160m) surplus in November from a $239m deficit in October, the Statistics Bureau said, Reuter reports. This compares with a $495m surplus in November 1983.

## Paul Taylor visits the anxious neighbours of Union Carbide's Institute plant

# Gas disaster tests West Virginians' loyalty

THE POSTER at the plant entrance reads "people are our most important asset . . . their safeyt and health our greatest responsibility."

The accident log on the same poster at the entrance of the Union Carbide's Instiute, West Virginia, plant bears out the chemical company's reputation as one of the safest industrial employers in the U.S.

But a few yards away an American flag flutters, almost pathetically, at half mast in honour of at least 2,000 dead and another 20,000 injured in the world's worst ever industrial disaster in Bhopal, India.

The two symbols graphically illustrate the dilemma faced by the third largest chemical producer in the U.S.—and by Institute's small, but increasingly concerned, population.

Union Carbide's 1,435-acre Instiute plant has been producing the lethal chemical, methyl isocyanate (MIC) for 17 years in volumes 10 times as large as the Bhopal plant. It is, by some accounts, Bhopal's "sister plant" on a big scale.

The plant, and half a dozen like it in the valley, provide thousands of jobs for West Virginiaons and millions of dollars in tax revenues. Balanced against that is the air which is acrid and nauseating on a cloudy day, the occasional chemical releases, the evacuation notices, health risks and the constant threat of something much worse.

Over the past few years, concern among residents of the valley has been intensified by a state-imposed fine on Union Carbide for illegally burning toxic wastes at another local plant and by state studies which have suggested that substantial amounts of potentially cancer-causing chemicals are being released into the air by local companies. The Bhopal disaster has served to heighten this deep-seated fear.

Union Carbide's agricultural products division Institute plant, about eight miles west of Charleston, the state capital, is just one of a number of chemical plants in the valley.

Union Carbide itself employs about 7,000 workers in several plants. Together, the chemicals industry provides 10,300 of 16,000 manufacturing jobs in the region.

By some estimates the chemicals industry provides more than 50 per cent of total employment in the valley.

Certainly the industry is still a major provider and, as such, many "old timers" are reluctant to criticise it publicly. The manager of the local pizza cafe explains, "I have lived here all my life. I worked at FMC and my father worked for Union Carbide. Is it a problem? No."

West Virginia State College, with up to 5,000 students, is within a few hundred yards of the plant's main gate. Next-door is a graduate college with another 4,000 registered students and, up the road a mile, is West Virginia's police academy. Ten days after Bhopal, there are grumblings among the students, many of whom say they will leave the valley as soon as possible, although the vast majority were born here.

Mr Perry Bryant, Environment Co-ordinator for the East Virginia Citizen's Action Group, a local lobbyist group, says the number of calls to his office following the Bhopal disaster "has increased dramatically."

"What happened in Bhopal is of concern to the whole (local) community," he says. Aside from high-lighting past emissions violations he and other local residents express serious doubts about the adequacy of emergency procedures in the valley.

Union Carbide plant officials in Institute maintain their emergency procedures are satisfactory. The company says it is an active participant in the Kanawha Valley Industrial Emergency Council which brings together local chemicals companies, health officials and local government. "We have been deeply involved in plans to deal with emergencies," says Mr Hank Karawan, Institute's plant manager. But what concerns some local residents is the nature of those plans.

For many, including Mr Bryant, the sum total of the plan is to sound, in Union Carbide's words, "a very loud steam whistle" and hope that people who have read a 1982 "letter to residents" can figure out the wind direction, and manage to walk "crosswind."

"We need a proper evacuation procedure," says Mr Bryant. It seems that state, congressional and local officials may be edging towards the same conclusion.

A few hours after the Press were allowed into the Institute plant, past the low yellow-brick administrative offices and on to a 4 ft earth mound which we were told hid the MIC storage tanks, a group of local residents, local, state and federal officials, and a handful of senators were given a VIP tour of the facility.

week the state governor had ordered his own inspection staff into the plant to monitor operations.

Mr Bryant believes the current revaluation of safety procedures should not be confined to MIC. "This plant makes lots of chemicals I am even more concerned about," he says. "It is really tragic that it takes something like this to make people aware."

But the depth of the split in local feeling was graphically illustrated in the editorial of the local Charleston Gazette on Monday.

The editorial, headed "Legal Jackals Prowling," vigorously attacked the $15bn suit against Union Carbide filed in Charleston, describing it as "encapsulating all that's rotten in this nation's legal profession."

The editorial continued: "We won't discuss the tactical stupidity of bringing a case against Carbide in a city and a state where the corporate image isn't bad by any yardstick and where the corporate clout is such that it and its employees pay perhaps one tenth of the state's total tax bill.

Union Carbide may well need such loyalty. The company took a big gamble in opening the Institute plant to visitors—and, in doing so, admitted that "small" leaks, often involving faulty valves, were commonplace.

However, the answers it gave to crucial questions on comparisons between the Bhopal and Institute plants, on which it generally pleaded ignorance, often prompted even more questions. This may reflect one aspect of the company's current legal and moral dilemma.

Specifically, Union Carbide needs to assure residents in West Virginia and elsewhere that its safety procedures are adequate.

In any event, people like Mr Bryant hope that the one positive aspect of Bhopal will be to force Union Carbide and other U.S. chemical groups to drastically upgrade what he regards as woefully inadequate emergency procedures.

*The folowing is the partial text of a letter sent by Union Carbide's West Virginia plant to the citizens of Institute on October 1 1982.*

**To: Neighbours of Institute plant.**

**"As part of our efforts to maintain good communications and relations withour neighbours, a plan was developed in 1975 to notify our neighbours should a major disaster or even a serious emergency occur at the Union Carbide Corporation's Institute Plant which might affect them. This plan is still operational and the emergency communications equipment for notifying our neighbours is routinely checked.**

**I should like to again emphasise that nothing at the Inustitute Plant has changed. As we have done in the past, our operating, engineering an maintenance people are all professionals in their jobs so the chances of ever having to use this alert system are remote. However, should it be needed, we all want to be ready.**

**Signed H. J. Karawan, Plant Manager.**

**EMERGENCY PROCEDURES**

**Plant steam whistle:**

1. **Two blasts then stop—fire or emergency in Plant.**
2. **Three blasts then stop—gas release in Plant.**
3. **Continuous blasts every three seconds for a period of two minutes. Then blasts every 30 seconds—fire or gas release of such magnitude it could affect people outside the Plant.**

**What to do if you hear continuing blasts of Plant steam whistle:**

1. **Check wind direction.**
2. **If wind is blowing from your location to the Plant do nothing, but continue to be alert for wind direction changes.**
3. **If wind is blowing from Plant toward you, immediately evacuate by going crosswind. In the case of a gas release you should be easily able to walk far enough crosswind to get away from the fumes. In some cases you can see the fumes as ta white cloud. However, this is not always the case so don't depend on your eyes.**
4. **Do not call the Plant as this would tie up the telephone lines and could affect emergency communications.**

# AMERICAN NEWS

## Tancredo attempts to calm investors over return to civilian rule

BY ANDREW WHITLEY IN RIO DE JANEIRO

SR TANCREDO NEVES, the opposition presidential candidate, almost certain to be elected next month to succeed General Joao Figueiredo, has sent a clear *signal of confidence* to Brazil's foreign creditors and foreign business, in an attempt to calm fears over the consequences of the country's return to civilian rule.

In his first major speech on economic policy, Sr Tancredo Neves said the renegotiation of Brazil's $100bn (£83.3bn) foreign debt required "a realistic position which could not ignore the basic rules governing international financial operations."

The *74-year-old veteran politician*, known throughout the country as Tancredo, added, however: "The creditors will certainly recognise that a country with 120m people, with pressing social problems, cannot stop growing."

Addressing his newly installed economic transition team at its first working meeting on Tuesday, Sr Tancredo Neves said foreign capital investments would be treated without "any xenophobia." But it would be complementary to Brazilian private capital, rather than a substitute.

Multinationals are strongly established in many of Brazil's industrial and service sectors, and some of their executives *are known to have been concerned* that a Tancredo Neves government would be dominated by nationalist thinking. A majority have thus privately expressed their preference for Sr Paulo Maluf, the government candidate.

Outlining his priorities as the next president, Sr Tancredo Neves stressed the major role private enterprise should play in the process of economic development — a commitment which was warmly greeted yesterday by Brazilian business leaders, many of whom have been rallying to the opposition standard in recent weeks.

He also pledged that his government would maintain the present policy on foreign trade, utilising export-led trade surpluses to balance the country's *external accounts*.

The six-member economic team set up by the Democratic Alliance, the opposition coalition backing Sr Tancredo Neves's candidacy, has been charged with observing the negotiations between the outgoing government and Brazil's bank advisory committee.

But it will not be intervening in the talks.

Among the domestic priorities set by Sr Tancredo Neves were a recovery of growth, based on a reversion of the upward inflation trend, and the cleaning up of public sector finances.

He committed himself to the creation of more jobs, raising the purchasing power of wage *earners and a better distribution* of national income. Tax reform will be high on the agenda

## Democrats re-elect Byrd as leader of Senate

By Reginald Dale, U.S. Editor, in Washington

DEMOCRATS in the U.S. Senate yesterday brushed aside calls for a new style of command and re-elected veteran Senator Robert Byrd of West Virginia as their leader *for the next two* years.

Mr Byrd, 67, easily overcame an unprecedented late challenge by Senator Lawton Chiles of Florida by 32 to 10 votes in a secret ballot for the post of minority leader. Five of the 47 Democratic senators were absent and did not vote.

Mr Chiles, 54, a moderate conservative, had offered himself as a new face against Mr Byrd's old guard image and promised to be more forceful *and articulate in identifying* the party with centrist middle America.

His supporters argued that, following President Ronald Reagan's landslide victory in last month's elections, it was time for the Democrats to look for new, more dynamic leaders.

*Mr Byrd's re-election*, however, means that the Democratic leadership in both House and Senate will be virtually unchanged in the new Congress that convenes in January. The veteran Mr Tip O'Neill of Massachusetts, 72, was re-elected House Speaker earlier this month.

In winning yesterday's vote, My Byrd called in all the political debts he has accumulated in his eight years as party leader in the Senate. Once strongly conservative, Mr Byrd has increasingly become an architect of consensus and has earned liberal *support on labour and civil* rights.

Mr Byrd, regarded by his colleagues as arrogant, touchy and sometimes petty, although always fair, is best known as a skilled legislative technician

Many rank-and-file Democrats fear that Mr Byrd is not best qualified to take command of the party's drive to recapture control of the Senate in the mid-term 1986 Congressional elections. Senator Alan Cranston, an unsuccessful candidate for the party's presidential nomination in this year's primaries, was re-elected assistant minority leader.

## Optimism on rescheduling of Ecuador debt package

REPRESENTATIVES from Ecuador and its bank advisory committee hope to finalise a debt restructuring programme for the country by the end of this week, banking sources said, Reuter reports from New York.

The committee has been meeting in New York all week and Sr Francisco Swett, Ecuadorian Finance Minister, is expected to join the talks today.

Ecuador, with a total foreign debt of about $7bn (£5.8bn), is seeking to reschedule principal maturities due between 1985 and 1989 at terms similar to those agreed for Mexico and Venezuela.

Ecuador has made progress in its talks with commercial banks and the International Monetary Fund since the government of President Leon Febres-Cordero came into power in August, the sources said.

## Seaga remains convinced of IMF wisdom

**Canute James reports from Kingston on the struggle to keep the battered Jamaican economy on an even keel, despite a severe fall in bauxite earnings and the need to service $3bn in foreign debt.**

"IMF . . . AGAIN runs the *graffiti on a wall in the New* Kingston business district. It is a graphic reminder of the problems the administration of Mr Edward Seaga, the Prime Minister, and that of Mr Michael Manley before, have had in their *relations with the Fund*.

For the past decade, the IMF has been an integral component of all calculations of the Jamaican economy. Successive governments have had continuing difficulty balancing the *need for financial support* with the "social costs" to the island's 2.2m people of implementing the Fund's economic recommendations.

Mr Seaga is now locked in a battle to keep on an even keel a holed and battered economy—a balancing act which is not aided by a severe fall in foreign earnings from bauxite, the main pillar of the economy, and the need to service a $3.1bn ($2.5bn) foreign debt.

Mr Seaga has been working *on a programme of adjustment* of the island's economy with quite straightforward aims—a balance of payments surplus, a balanced budget, less unemployment and self-sustained economic growth, to replace the stagnation of an average 1 per cent growth in gross domestic products over the past three years.

His detractors worry that the short-term costs might not be worth the better life which the Prime Minister is convinced lies ahead.

In meeting conditions agreed with the IMF for a $143m package of standby credits and compensatory financing, the Government has undertaken to cut the budget deficit by one-half to 8 per cent of GDP by next March.

As part of the effort, employment in the state sector is being reduced by 6,200. In a society in which unemployment is conservatively set at 25 per cent, the move has raised the hackles of the unions.

The problems of economic adjustment are not only being felt by the habitually and the newly unemployed. In trying to determine the real parity of *Jamaica's overvalued currency*, the central bank, through continued interventions and auctions of limited hard currency to importers, has progressively devalued the local dollar from 1.78 to the U.S. dollar in January to 4.90 at the end of last month.

A move to float the Jamaican dollar earlier this month has *resulted in erratic changes* in parity, starting with a 17.7 per cent revaluation. The island's business community has been less than happy at what is in fact not a clean float, the central bank continuing to intervene occasionally.

In the first half of this year inflation has been estimated at 30 per cent at an annual rate up from 18 per cent last year. Electricity rates has risen by 114 per cent since January, and telephone charges by 100per cent. Prices of staples such as rice and chicken have been increased.

Despite repeated calls from political parties and from the business community that he chart a new economic course, Mr Seaga remains determined to see the changes through.

"We are not going to change our policies . . . not one blade of grass, not one inch will we yield." he said. "I am convinced that these programmes and policies will bear fruit."

The business sector, traditionally among Mr Seaga's strongest supporters, remains unconvinced, mainly because of a difficulty in obtaining adequate hard currency.

"Why are we going in the *wrong direction?*" asked Mr Claude Clarke, president of the Jamaica Exporters' Association. "The answer lies in our preoccupation with prepackaged economic models.

"For too long this country has been subjected to experiments with varying foreign-conceived economic prescriptions, vaunted as the panacea to heal our economic woes."

Yet the Government battle to bring some level of control to a tattered and wayward economy has not been without some success.

The Administration is close to completing a programe to refinance $362m in debt payments due to comercial banks, Paris Club members and other countries. This will ease the burden of a 29 per cent debt service ratio.

It will also aid the Government's efforts to raise the net international reserves to $283m by March, against a negative $306m in March of this year, allowing all payments arrears to be cleared.

The efforts to improve reserves resulted *in an improvement* of $125.4m during the six-month period to September, against a deterioration of $113.4m during the corresponding period of last year.

Imports during the six-month period—the *first half of the* fiscal year—were 4 per cent up on the corresponding period of last year, while exports jumped by 17.8 per cent

But the success of the Government's monetary policies can be *assured only* by improved performance of key sectors of the economy. The weak demand which has depressed bauxite output over the past four years is not expected to improve appreciably, although output this year wil be marginally up on last year's 7.7m tonnes.

Falling production and weak prices have hit sugar, while banana exports, which four years ago were 65,000 tonnes, are not expected to exceed 12,000 tonnes this year.

The bright spot is tourism, which has improved by 50 per cent in volume over the four years. Mr Hugh Tart, the Tourism Minister, has predicted 1m tourist arrivals next year. If this is realised, it would double the performance of the sector in 1980 and move gross earnings wel above the estimated $400m of this year.

In his public statements, Mr Seaga remains convinced of the ultimate wisdom of the pains being suffered by the Jamaican economy.

The policies are hurting Jamaicans, he admits, but *without them* what would be ahead was ". . . so devastting and disastorus. But the hurt we feel today will be nothing more than a pimple on the face of the country."

According to public opinion polls, however, Jamaicans are growing increasingly sceptical. The latest show public support to be 59 per cent to 41 per cent in favour of Mr Manley's People's National Party.

Saying there will be no general election for the next four years, Mr Seaga maintains he is not worried by this fall in political fortunes.

He does not care much for "*popularity contests*" the Prime Minister said, promising that he will be rewarded when the economic strictures bear fruit.

## Problems of 'black economy' dominate Belize elections

BY DAVID GARDNER, RECENTLY IN BELIZE

BELIZ, a tiny former British colony in central America, holds its first post-independence elections tomorrow thus bringing *the curtain down on an era*.

Mr George Price, the ascetic 65-year-old prime minister and head of the centre-left Peoples United Party, lead his country to independence in 1981. He is running for his seventh straight *term as leader*.

He faces the centre-right United Democratic Party of Mr Manuel Esquivel.

Until nof all previous elections have been dominated by the twin issues of independence and Guatemala's claim to Belize. It is generally accepted that independence can only be maintained if it is underpinned by Britain's commitment to defend the country against Guatemala's 130-year-old claim on its territory.

Both parties appear to agree that the 1,800-strong British troop *contingent should* stay rather than be replaced by U.S. troops. This, it is held, would take Belize uncomfortably close to Central America's wars.

As the British show no signs of leaving for the moment, the *real election issue will be the* economy, or more specifically the black economy.

Belize, situated on the Central American mainland facing the Caribbean, is poor and sparsely populated. Its main town, Belize City (pop 40,000), famed for its wooden-framed British West Indian and Victorian houses, unpaved roads and open sewers, reflects the parsimony with which Mr Price has administered the country's meagre resources.

Over the last four years Belize has been badly hit by low prices for sugar, its main export, and the loss of over two-thirds of its re-export trade with Mexico since the latter's financial collapse.

There has been an alrming growth in marijuana trade to fill the gap and the resulting threat to law and order has tended to destabilise the country.

On the cautious estimates of the U.S. Drug Enforcement Agency, 700 tons were grown last year, though 592 tons of it was destroyed by paraquat spraying laid on by Mexico. This still left a potential income of $55m (£45.8m) at U.S. street prices, against earnings of $36m and total gross domestic product of $154m, although not all this marijuana revenue would go back into the economy.

The PUP and the UDP are divided on the drugs issue largely, one suspects, because of electoral opportunism. The UDP is ostensibly more hard-line than the government. Otherwise there is little to choose between the parties. An observer estimates there will be a 14 to 14 seat split tomorrow. But he says: "I wouldn't bet against George Price."

An increase in the number of seats from 18 to 28 had added a strong element of unpredictability, as has a handful of three or four cornered fights.

But Mr Price is accustomed to hairsbreadth victories, having won by a whisker in 1979 and 1974.

George Price, ascetic Prime Minister of Belize, is running for his seventh term

# WORLD TRADE NEWS

## UK calls for export financing discipline

By Frank Gray

MR PAUL CHANNON, Britain's Trade Minister, yesterday gave qualified backing to the continuation of short-term support for the controversial practice of using mixed-credit finance to win overseas contracts.

At the same time, he emphasised the Governments' objectives in pressing internationally for greater openness and discipline in the use of such concessionary export financing.

The Minister, speaking at a business lunch said that bids by UK exporters which met the overseas client's commercial and technical requirements would not necessarily be guaranteed success unless the financing terms met those offered by competing foreign interests. As a result, a short-term defensive support for UK industry was required.

"In an increasing number of countries, soft credit—involving concessionary long-term loans at low rates of interest—has become an inescapable fact.

However, he noted that escalations in concessionary finance served neither the interests of recipient (and often developing) countries, nor, in the long-term, those of exporting nations.

Such practices stored up trouble for the future.

Mr Channon said a "cocktail" of blended techniques were increasingly being deployed which often fell outside existing control arrangements.

"A jungle is developing, and it is badly in need of regulation. We intend to do everything possible to . . . secure an international means of controlling the various devices now being deployed."



## U.S. sees chance of truce in mixed-credits row

BY CHRISTIAN TYLER IN PARIS

U.S. OFFICIALS yesterday signalled a truce in America's war of words with the EEC over "predatory" export financing by rich nations to win prestige project business in the developing world — the so-called mixed credit row.

No agreement was reached at a high-level meeting in Paris of members of the Organisation of Economic Co-operation and Development. But the OECD nations are to try again on March 11 to settle their differences over the use of concessional aid money tied to conventional finance for overseas projects.

The EEC's suggestion on Tuesday of a much tighter system of scrutiny over the use of mixed credits was regarded by the U.S. delegation as an inadequate answer to the problem. But the U.S. chief negotiator carefully refrained from repeating previous U.S. threats of heavy retaliation.

Mr John Lange, director of the Office of Trade Finance at the U.S. Treasury Department and head of the U.S. team, described the EEC's proposals as "an important technical advance." He was encouraged by what he called a new "positive atmosphere."

Before OECD negotiations resume, however, the U.S. Congress may seek to set up a "war chest" to support U.S. exporters when it reconvenes on January 20.

A Presidential committee has reportedly proposed funds of between $500m (£416m) and $1bn for use if the OECD fails to curb proliferation of mixed credit.

Mr Lange warned of a "high level of frustration" in the U.S., but made it clear his delegation had not issued any ultimatum nor set any deadline.

The U.S. has called on the OECD to ban the use of aid money to sweeten commercial exports for projects unless the aid component is at least half the total package.

Its aim is to draw a sharp line between commercial trade financing — already regulated by an OECD agreement — and genuine development programmes.

However, Mr Lange said the 50 per cent cut-off was negotiable. He complained that the EEC and others had failed to respond with their version of what an acceptable cut-off figure would be.

The Community, overruling France's refusal to accept any change in the present guidelines, tabled a three-part package of reforms designed to increase the "transparency" of mixed-credit competition.

Its negotiators argued that this, in itself, was a form of discipline. But the U.S. says that such a discipline must be seen as a serious effort to roll back the cut-price competition.

The EEC volunteered a new definition of tied-aid credits that would bring all types of soft loans into the OECD net.

It has also suggested a mechanism whereby countries would be obliged to consult competitors more frequently and thoroughly before offering mixed credits on behalf of their own exporters.

But it has not, so far, suggested any increase in the portion of aid that must be included for mixed credits to qualify as development loans.

According to OECD estimates, the value of mixed-credit financing dropped last year from $3.5bn to $1.9bn — probably reflecting the dearth of big project business.

Between 1981 and 1983, France accounted for 46 per cent of business, the UK 22 per cent, and Italy and Japan about 9 per cent each.

## BAe front-runner for China deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CHINESE airline, Civil Aviation Administration of China, may place an order soon for a number of regional jet airliners, with the British Aerospace 146 four-engined airliner strongly in the running.

Reports from Peking, where a major civil aviation exhibition is currently under way, suggest that BAe is the front-runner in a fierce competition for regional jet airliner orders with the Boeing 737 and McDonnell Douglas MD-80 twin-engined short-range jet airliner also involved.

The CAAC wants new airliners to replace existing ageing Soviet-built Antonov An-24 aircraft on many regional air routes within China.

The BAe 146 was extensively demonstrated in China early this year and created a good impression, especially with its short take-off and landing performance in mountainous regions.

The CAAC is also studying the possibility of buying more long-range Boeing 747 Jumbo jets for international services, while it is also interested in Airbus A-310s for medium-range routes and A-320 aircraft for routes requiring a smaller (150 passenger) aircraft.

The current Peking aviation exhibition is the first of its kind in China, with a large number of Western aerospace manufacturers and equipment suppliers demonstrating their wares.

The exhibition covers every aspect of civil aviation, from airport construction and management through to aircraft supply, repair and overhaul, and provision of infrastructure equipment, including air traffic control.

It reflects the Chinese desire to improve its entire internal and external civil aviation situation.

Recognising its own inability to meet its needs, the CAAC laid on the exhibition as the best and quickest method of discovering what the rest of the world had to offer across the entire spectrum of civil aviation activities.

● Fokker of Holland is considering the development of a new 70-130 passenger turbo-propeller airliner for the 1990s, and is discussing possible collaboration with the Japanese on such a venture.

The aircraft would be complementary to the Fokker F-100 twin-engined 100-seater jet airliner, now under development, and the F-50 50-seat turbo-prop liner.

Most major aerospace manufacturers are studying 100-seater types for the future, mostly in the turbo-propeller field, because of the lower operating costs involved.

## Sumitomo optical fibre link with W Germany

By John Davies in Frankfurt

WACKER CHEMITRONIC of West Germany plans to set up a major operation to produce optical fibre for communications cable under licence from Sumitomo Electric of Japan.

The deal is the latest in a series of moves in West Germany by business interests jostling to take advantage of the expected growth in the use of optical fibre cable for voice, data and video transmission.

Last week Siemens announced it was joining Corning Glass Works of the U.S. in setting up an optical fibre plant at Neustadt in Bavaria, with initial investment of DM 70m (£19m).

Wacker expects to start production in about two years at a plant at its headquarters in Burghausen in Bavaria. Although details are not yet settled, it is believed the initial capacity will be about 100,000 km of fibre a year, with possible expansion to about 250,000 km a year.

The investment is understood to be about DM 70m (£18m)-DM 80m. Dr Hans Herrmann, a Wacker Chemitronic director, said the company would import optical fibre from Japan until it could begin local production.

Wacker Chemitronic is a wholly-owned subsidiary of Wacker Chemie, in turn half-owned by Hoechst, the chemical group, and half by the Wacker family.

Sumitomo would not have a capital stake in the optical fibre plant.

## Peru to receive DAF trucks

By Kenneth Gooding, Motor Industry Correspondent

PERU IS to get a fleet of 40 DAF trucks from the Directorate-general of Development Aid of the Dutch Foreign Office.

The contract is a useful one for DAF, which has been attempting to break into the market for a year. As part of the $4.8m contract, which includes provision for spares and a two-year management involvement, DAF Trucks will aid the setting up of a major depot and workshop facilities in both Lima and Cajamarca from where the vehicles will haul Dutch-built Heiwo and Nooteboom refrigerated van trailers for meat and fish transport.

## Two Brazilian metal producers pledged to 10-year export pact

BY ANDREW WHITLEY IN RIO DE JANEIRO

TWO MAJOR Brazilian producers of processed metals, Alcoa Aluminio and Paranapanema, have signed agreements with the Brazilian Government committing themselves to exports totalling $3.85bn (£3.2bn) oxer the next 10-15 years.

The agrements form part of Brazil's Befiex export promotion programme whereby exporters are permitted to import without duty a fixed value of inputs for the finished products to be exported and are also exempted from certain fiscal liabilities.

With the latest batch of agreements, signed this week, the Befiex programme has generated $85bn in firm export commitments since its inception in 1972. Of this total, nearly 20 per cent has so far been realised.

Alcoa's contract with the Government calls for the export of $2.7bn worth of aluminium ingots and products over the next 15 years. Much will come from its new Alumar smelter at Sao Luis on Brazil's northern coast.

Paranapanema, the country's leading tin producer, a privately-owned company whose growth has rocketed over the past two years, has, in turn, committed itself to exporting products worth $1.15bn over 10 years.

The bulk of the agreements signed under the Befiex programme have been with local subsidiaries of multinationals, usually companies manufacturing in Brazil with a significant level of imported contents. Many admit that their exports from Brazil would not be viable without its advantages.

The Paranapanema contract with the government was, in fact, hailed as the largest to date signed by a 100-per-cent Brazilian company.

To date a total of 294 programmes have been signed with individual companies.

● Petrobras, the Brazilian national oil company, said it will sign 38 risk contracts with three foreign companies for oil exploration in the Amazon region, agencies report from Rio de Janeiro. The contracts will be signed next week with British Petroleum, Royal Dutch Shell's Pecten Company and Idemitsu Kosan of Japan.

Since the company started signing the risk contracts 10 years ago, almost 200 have been signed with foreign companies, which have invested $1.5bn in oil exploration in Brazil. But only one company, Pecten, has found oil in commercial quantities, and most of the risk contracts have lapsed without being renewed.

## Japanese to explore new investment in Pakistan

BY MOHAMED AFTAB IN PAKISTAN

SEVERAL Japanese business heavyweights have agreed to explore expansion investment in a number of industries in Pakistan, the comparative lack of which has been a sore point in bilateral relations so far.

The industries set for joint venture investment include electrical components, electric generating sets, irrigation pumps, agro-based industries, deep-sea fishing, and sea-food processing.

These decisions were announced at the end of a recent Pakistan-Japan businessmen's meeting in Karachi, the Pakistan port city considered to be a potential production base to sell into the Middle East market.

More than 80 Japanese, and 200 Pakistani investors attended the meeting, which follows Japanese Prime Minister Yasuhiro Nakasone's visit to Pakistan last May.

President Zia ul-Haq of Pakistan had strongly urged Mr Nakasone "to persuade his big businesses to invest in Pakistan, as the opportunities are considerable," a top Pakistan official said.

The 45 representatives of Japanese multinationals were led by Mr Goro Koyama, vice-president of the Tokyo Chambers of Commerce and Industry.

Other prospective investors were: Mr Masayoshi Naito, chairman of Toyo Engineering; and executives of Kobe Steel, Seiko, Marubeni, Mitsubishi, Toshiba, NEC, the Bank of Tokyo, and the Mitsui Bank.

Pakistanis hope "a strong persuasion at the political level" may move the Japanese investors to come to Pakistan with a reasonable amount of investment.

Mr Koyama said 41 Japanese enterprises have, so far, invested $8.3m in Pakistan over the years, but this was described as "peanuts" by a Pakistani business leader in light of the huge outflow of the Japanese investment capital each year worldwide.

One reason for the poor performance, has been that the Japanese do not consider Pakistan to be falling within their immediate sphere of business influence."

The problem is aggravated by regional problems such as the Iran-Iraq war, the Soviet occupation of Afghanistan, and continuing problems surrounding Japan's troubled investment in Iran's petro-chemical complex near the straits of Hormuz.

## Russia to buy £109m-worth of Indian cloth

By R. C. Murthy in Bombay

THE SOVIET UNION has reached agreement with India's Cotton Textile Export Promotion Council (Texprocil) to purchase some 175m metres of cloth valued at nearly Rupees 1.6bn (£109m) in 1985.

After hard bargaining between the Russian delegation led by Mr I. A. Mukhin, deputy director of Exportljon, and Texprocil, the Soviet Union has conceded a price increase of an average 12 per cent.

The price rise ranges from 7.5 per cent to 15 per cent for five diff:erent types of cloth which the USSR buys from India. Bleached printed sheeting and printed chintz account for the bulk of the Soviet order.

The Soviet Union intially wanted to open talks with individual mills supplying textiles and play one against the other to beat down prices. But it relented after the Indian Government intervened, threatening to take up the matter at ministerial level.

India exported Rs 1.2bn (£81m) worth of textiles to the Soviet Union between January and October 1984. The Soviet market accounts for some 35 per cent of India's total cotton textile exports.

## JOBS COLUMN

# How to ditch morale along with middle-agers

BY MICHAEL DIXON

THOSE of us nearing or past mid-life should reflect before condemning the Hitachi television factory's scheme to pay off employees over 34 to make room for younger folk. There is hard evidence to support the Japanese management of the South Wales factory in their claim that beyond the said age people's output tends to drop.

Take Mozart for example. At the age of 35 he wasn't just more prone to illness, slower, dimmer sighted and hardened against change, as Hitachi says older people are liable to be. He was dead.

Nor is he alone in that. Research by the eminent authority on management Professor Elliott Jaques has shown that the 35-39 stage is marked by an unhealthy rise in death rates, especially among creative people.

It is true that the factory's scheme departs somewhat from the widespread custom among big Japanese groups of granting their home-country workforce lifelong employment. Possibly, however, Hitachi like most companies feels challenged by the technological revolution and its septuagenarian chairman Hirokichi Yoshiyama wishes to experiment with the scheme on the precedent of what seems to have been a successful western response to a previous revolution in business affairs.

Older readers will recall that one took place around 2500 BC with the transition from Stone Age to Bronze Age greatly expanding international trade. Beforehand, judged by the value of goods deposited in graves, societies most esteemed their members who lived the longest. But perhaps they needed younger leaders to cope with the new business conditions. For afterwards the posthumous prizes went increasingly to the presumably robuster, nimbler, sharper eyed and adventurous citizens who kicked the bronze bucket in their greener years.

In any case Mr Yoshiyama could cull support for the scheme from the latest research into ageing and careers. An instance is the study by organisational psychiatrist Manfred Kets De Vries and five colleagues which was reported in the April-June edition of the Journal of Forecasting.

They found that between the ages of 36 and 45 it is common even for previously high-flying managers to start losing their satisfaction with both their particular job and the organisation employing them. When there is a simultaneous decline in working performance the employers may understandably decide to get rid, especially since neither the job nor the organisation may be objectively altogether responsible for the disgruntlement.

The middle-agers may be using company and career as a scapegoat by unwittingly loading on to them depressions which tend to arise during the same age bracket from other departments of life—physical and other signs that one isn't going to be immortal after all, disenchantment with spouse and children, and so on.

To any management computer-like enough to act instantly on statistical evidence about at least partly self-determining human beings, that research finding may justify paying off over-34s. But the study also found other trends which more reflective companies might see as reasons for not just keeping but trying to make more sensible use of older staff.

Although their satisfaction with company and job tended to decline during the 36-45 period and drop still faster over the next five years, it then bounced back again. What's more, their intervening dissatisfaction even at its worst was considerably less deep than the resentment the researchers found among ambitious staff aged 26-30, to the extent that numerous of them quit to work elsewhere. And the possibility that the middle-aged and the younger umbrages are linked is suggested by two of the reasons which Dr Kets De Vries tentatively advances for these findings.

One is that people early in their careers need but often fail to find in the company an older mentor to give them a sense of direction and temper their youthful impatience with the inevitable frustrations of company life. The other is that the oldies often bounce back because, having become reconciled to being less useful in their former capacity, they discover a different way of serving the same cause. It is by "playing the role of mentor to the next generation of employees."

Companies might therefore gain a double benefit by organising themselves so that all staff know that good work in their go-getting younger years will earn opportunity later to show their continuing value as givers of mature guidance to headstrong youth.

Not only would there be less risk of ill effects from middle-aged resentment. The companies could also get a more productive, earlier contribution from more of their junior staff.

But not many companies seem aware of it. Most are apparently following the fashion of leaving under 30s on their own resources to surmount or succumb to the frustration-prone first stage, only to scrap the initial survivors in increasing numbers but a few years later.

Such organisations are probably suffering less from the dim sightedness etc of ageing subordinate staff than from the dim wittedness of their senior management.

Making the career prospects of the majority nasty, brutish and short will surely do quite the opposite of encouraging employees to give of their creative best, whatever their age. Top executives who do that are liable to throw out the company babies' morale with what it seems they arrogantly look on as the middle-aged bathwater.

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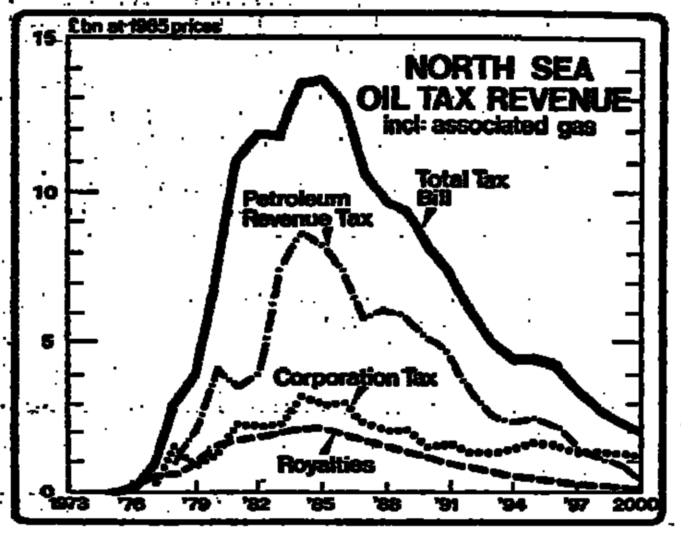
# Oil tax revenue forecast to decline after 1985

BY IAN HARGREAVES

GOVERNMENT tax revenues from North Sea oil will peak next year and then start a sharp decline, in spite of concessions made in the 1983 budget that have succeeded in stimulating a new wave of offshore investment.

That is the main conclusion of a paper by Professor Alexander Kemp and Mr David Rose of Aberdeen University. The paper was given yesterday to an energy conference organised by the Policy Studies Institute and the Royal Institute for International Affairs.

This is the first published attempt to model the course of future oil tax revenues after the budgets of 1983 and 1984 (which made big corporation-tax changes) and the response to both by the offshore industry.




The paper plots future revenues according to a number of varied assumptions, but the main case (see chart) involves a constant real dollar price for oil of $28 a barrel. The case would be considered optimistic by some commentators.

The analysis shows that tax revenues will peak in the next financial year at just under £14bn but will decline to half that level in real terms by the beginning of the 1990s.

In the mid 1990s, the downward trend is expected to abate slightly as the Government reaps the revenue benefits of the higher level of North Sea activity, but the scale of tax concessions needed to bring that about is reflected in a lower tax take.

Prof Kemp's figures illustrate the problem facing the Government as it seeks to fill a rapidly approaching revenue gap. One reason the Government is worried about permitting British Gas to import £20bn of Norwegian gas from the early 1990s is that it wants to increase its tax revenues from UK gas production.

Prof Kemp has not included tax revenue from pure gas fields in his analysis, although revenue from gas produced from oilfields (associated gas) is included.

Another conclusion from the paper is that many of the new fields being discovered or appraised will not be developed unless there is a considerable real increase in the price of oil in the 1990s.

The situation is complicated by the fact that the sterling price of oil has appreciated in the last year, because of the weakening pound. Prof Kemp points out, however, that although a declining pound helps to boost Treasury revenues, lower dollar oil prices will make North Sea investment less attractive to U.S. companies.

# Thatcher urged to back BAe platform

By Lynton McLain

MRS Margaret Thatcher, the Prime Minister, is to be urged to decide before Christmas on committing the UK to adopt the British Aerospace unmanned space platform as Europe's contribution to work alongside the $8bn U.S. manned space station in the 1990s.

Mr Geoffrey Pattie, Minister of State for Industry, is to try to get clearance from Mrs Thatcher for support for the BAe unmanned platform, British Aerospace said yesterday.

It is possible that Mr Pattie will make a formal presentation of the case to the Prime Minister before Christmas, but in any event "there will be ministerial discussions on the issue before the end of next month," the Department of Trade and Industry said.

A government commitment to the UK project is certain to provoke a "head-on fight" between British Aerospace and the main space industries in West Germany and Italy, BAe said.

The main rival project in Europe for adoption by the European Space Agency (ESA) is the Columbus manned space laboratory. That has been proposed by German companies including MBB-Erno, which built the European Spacelab, and Aeritalia of Italy. BAe is supported by other companies in Germany and by French and Dutch companies in its attempt get its unmanned space platform adopted.

The scale and nature of the commitment, if any, by Europe to the U.S. manned space station is high on the agenda of the ESA for the meeting of ministers of member states

The ESA council wants ministers to approve a 50 per cent to 60 per cent increase in the ESA budget. That would set the pattern for European space activities over the next 10 years.

Britain contributes about £60m ($72m) to the current ESA budget. A go-ahead for UK support of the unmanned space platform is likely to involve a UK contribution to the project of about £150m.

"We are relying totally on Mr Pattie to sell the platform in Rome," said Mr Peter Conchie, the director of business development, a British Aerospace Dynamics space and communications division.

# Borg-Warner to end European vehicle transmission output

BY JOHN GRIFFITHS

BORG-WARNER of the U.S. yesterday signalled its total withdrawal from vehicle transmission manufacture in Europe by announcing that its plant in Kenfig, South Wales, is to close with the loss of 590 jobs.

The announcement follows by a few days Borg-Warner's decision to dispose of its 24 per cent equity holding in Dutch-based Van Doorne Transmissie, the financially troubled automatic-transmission components maker that has been developing a new type of continuously variable transmission. The stake is being taken up, for an undisclosed sum, by the Dutch Government.

Last night the company blamed the existence of excess transmission manufacturing capacity throughout Europe for the closure of Kenfig, which will be completed by March 1986.

At one time, Borg-Warner dominated the European automatic transmissions market, exporting throughout the continent from the UK. It has been hit severely, however, by the increasing move by car makers to manufacture their own systems. In addition, General Motors of the U.S. has had considerable success in selling its transmissions, manufactured at Strasbourg, France, to other vehicle producers.

The Welsh plant closure will mark the last stage in a series of retrenchments in Borg-Warner's UK transmission-making operations. In September 1982, it closed its Letchworth, Hertfordshire, transmission plant and cut the Kenfig workforce, then 1,200 after abandoning a £33m plan to manufacture a complete continuously variable transmission as a joint venture with Van Doorne and Fiat.

The key rationale for maintaining Kenfig in operation was that it should make components for transmissions, particularly the Van Doorne CVT, for which output of 500,000 units a year had been envisaged.

Van Doorne, however, has encountered considerable difficulties in developing it to a point suitable for mass production. High-volume output is not expected before 1986 and it is now expected to be made primarily under licence by individual vehicle manufacturers.

Ironically, the closure of Kenfig has coincided with big productivity and quality improvements at the plant, to the extent that it transformed losses of £8m two years ago into a £2.4m profit last year.

Borg-Warner made clear last night that the closure decision was dictated by demand trends, not dissatisfaction with the Kenfig operation itself.

Mr Gary Toomey, managing director of Borg-Warner's Transmission Division, which will continue to make industrial transmissions at a plant in Bedfordshire, said employees would receive redundancy payments well in excess of the legal requirement.

"We are conscious that Borg-Warner is a major employer in South Wales and has a responsibility to the community. We will liaise closely with the Department of Employment in helping employees to find jobs in the area," he said.

Efforts have already been made to sell the transmissions business, but with no success.

● Grove Cranes, the leading U.S.-based mobile crane maker that acquired Britain's Coles Cranes from the receiver last month, is closing its factories at Oxford and Bicester, in the South Midlands, with the loss of 400 jobs, Ian Rodger writes.

Grove said the decision to close the plants was made necessary by the severe recession in the mobile crane market in the UK, and worldwide. The two plants had been making "heavy losses" since 1981. The closures would be completed by next spring.

Silicon chip venture, Page 10

# TUC team to meet Walker on pit talks

By John Lloyd and Raymond Hughes

THE TEAM of seven senior Trades Union Congress (TUC) leaders who have been monitoring the miners' dispute will meet Mr Peter Walker, the Energy Secretary, today or tomorrow to press for a resumption of talks between the National Coal Board (NCB) and the National Union of Mineworkers (NUM).

Mr Norman Willis, the TUC general secretary, said yesterday that the move was "not a question of weakness" on the part of the NUM or the TUC. There were "a lot of good ideas around" on how to resume talks.

He declined to be drawn, however, on whether he believed that the NUM was willing to compromise its resolute opposition to closures of uneconomic pits – the issue at the heart of the nine-and-a-half-month dispute, and one on which the Government and the NCB have both demanded flexibility before negotiations resume.

Some of the TUC leaders in the monitoring group believe that the NUM leadership is prepared to compromise, although that view is not shared by all. Mr Walker is certain to press them strongly on the point as soon as talks open.

There is agreement among the union leaders, however, that the TUC must be seen to be making efforts to break the logjam in the dispute, even at the risk of courting a refusal by the Government and the NCB.

● The cost of trying to seize the £8.9m assets of the NUM after its refusal to pay a £200,000 contempt of court fine, is understood to exceed £100,000.

The expense of the operation, which is divided between four sequestrators, has been swollen by the fact that much of their task involves attempts to retrieve funds that the union has transferred overseas.

At November 11, the estimated costs were put at £40,000, but the sequestrators had then gained possession of only about £8,000.

Costs of sequestration will eventually come out of the seized funds, but meanwhile, the sequestrators and lawyers will have to pay.

● British Steel Corporation (BSC) has unexpectedly offered its first national pay rise since 1981.

# BP sets up its own bank

BY OUR FINANCIAL STAFF

BRITISH PETROLEUM (BP) is to set up a special office unit that will effectively act as the group's banker.

BP Finance International will incorporate the existing functions of the company's central finance division, but will be expected to make a profit on its dealings with BP's main businesses and its associated companies outside the UK. It is the latest in a series of moves designed to split BP into profit centres.

Mr John Browne, 36, who was recently appointed BP's treasurer, is to be chief executive of the unit when it begins operations in January. He will continue to report to Mr Robert Horton, the BP managing director responsible for finance. Mr Browne was responsible for last year's sale by BP of part of its Forties Field.

The new unit will have four main roles: treasury, including foreign exchange management; corporate finance, including work on takeovers and disposals; commercial banking work, including investor relations and financial planning and control.

No Bank of England licence will be needed for the venture so long as BP confines its deposit-taking within the group. The move was viewed as both an intriguing and alarming development within the banking industry yesterday. There are no important instances of a UK company attempting to set up its own bank (although several U.S. corporations have done so).

The BP bank should be able to fund the group more efficiently directly from the money and capital markets rather than through the clearing banks. It also challenges the merchant banks in their traditional area of corporate finance expertise.

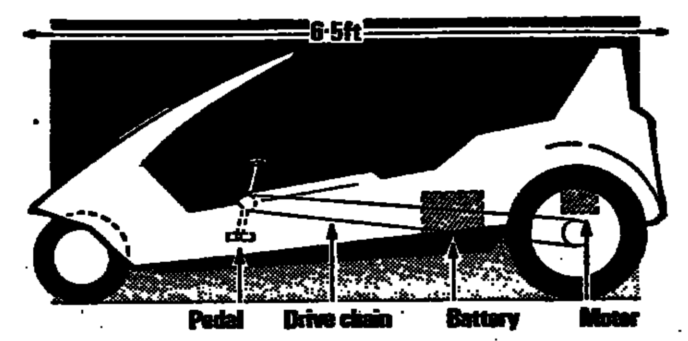
If BP were to nurse its fledgling into a full bank however, it would come under close supervisory scrutiny. The recent Johnson Matthey Bankers affair has shown the potential for trouble in a bank owned by an industrial group and BP would have to satisfy the Bank of England that it had adequate banking expertise.

# Battery car ready for the road

BY JOHN GRIFFITHS

AN ELECTRIC car developed by Sir Clive Sinclair the electronics entrepreneur, will go on sale in the UK next month at a price of just under £400.

That is far less than had been assumed, but so, too, is the vehicle's performance.




It will have a top speed of 15 miles an hour and a range of 24 miles from the conventional, twin batteries that drive a motor adapted from a washing machine. The vehicle is being built at Hoover's plant in Merthyr Tydfil, South Wales.

The three-wheeler, which is steered by handlebars, also needs occasional help from the 'driver' via a pair of pedals. The vehicle, codenamed C 5, is planned as the first of a family of electric vehicles to be produced by Sinclair Vehicles over the next five to six years. It is about 6½ ft long and 2½ ft wide. It is open-topped in its basic form but a variety of extras, including weather-proofing, is to be offered.

It has been designed as a commuting and leisure machine. Sinclair plans to produce more than 100,000 next year – production actually began last month – although the Welsh plant has a theoretical capacity on double shift of 800,000 units a year.

The vehicle is also designed to take advantage of regulations that came into force in August. Those allow electrically powered vehicles of up to 60 kilograms weight and with a maximum 15mph speed to be driven by anyone over 14 without the need for a licence, insurance, road tax or crash helmet.

# UIE yard wins Transworld's £50m rig order

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE UIE offshore construction yard in Clydebank, Scotland, has won a $60m (£50m) order to build a 17,000 tonne jack-up drilling rig for the Transworld drilling company of Oklahoma City, U.S.

UIE this year became a subsidiary of the French company Bouyges Offshore after the failure of Amrep, its parent company. A shortage of large orders for the past 18 months has been partly blamed on uncertainty over the ownership of the yard, which has a 12-year strike-free record.

Union leaders wrote to Mr Paul Romano, president of Transworld, promising to "strive their utmost" to maintain the strike-free record. Mr James Blackwood, a union spokesman, said: "We did not want them to have any false idea of industrial relations in Britain."

Mr Joe Craig, UIE managing director, added: "During negotiations there was a lot of talk about industrial relations. All you see in the UK at the moment is policemen and pickets with blood streaming down their faces. Our strike-free record was a very, very significant factor."

The yard employs 530 workers and up to 500 additional men will be brought on for limited contract work during the construction. Work will start immediately with delivery scheduled for June 1986.

For Transworld Drilling, a subsidiary of Kerr McGee, the order is speculative and not specifically destined for North Sea work. The platform, a type that hoists itself up on its own legs, is of the world's largest "Gorilla" class. Most of the new wave of orders for North Sea work are for fixed or floating structures.

Mr Craig said the size of the platform meant it could be used for both drilling and production. The platform would be able to operate at depths of over 90 metres.

The order to UIE is part of the £750m worth of offshore orders which the Government expects by next summer from a new wave of North Sea activity. Most of the large offshore construction yards in Scotland now have work, although there is still spare capacity.

According to Esso Petroleum, some 90 oil and gas fields will be developed in the UK sector of the North Sea by the end of the century requiring exploration drilling and production equipment.

The Department of Energy, through its Offshore Supplies Office, has pressed oil companies to use UK companies in development contracts for offshore work.

# Wales favoured for U.S. silicon chip venture

BY ROBIN REEVES, WELSH CORRESPONDENT

LSI LOGIC, the recently-founded U.S. manufacturer of semi-custom silicon chips, appears poised to go ahead with construction of an important new manufacturing facility at Cwmbran, South Wales.

Negotiations with Welsh Office over financial assistance for the long-rumoured project have still to be completed. This week, however, planning consent was recommended for an 80,000 sq ft factory/office complex – which will include research and development as well as manufacturing space – on Cwmbran's fast growing Llantarnam industrial park.

LSI Logic builds semi-custom chips, which are tailored to individual customers' needs. Precise details of the UK project have not been disclosed but a formal announcement is expected soon.

The company emphasised yesterday that although Cwmbran was emerging as the favoured site, no firm decisions had been taken.

# Union leaders alter stance on yard disposals

By David Brindle

UNION LEADERS of 48,000 employees of British Shipbuilders (BS) agreed yesterday substantially to qualify their opposition to privatisation of individual shipyards.

In what was described by delegates as a "watershed" conference at Tynemouth, in North-east England, it was decided to confine national opposition to privatisation, closures or compulsory redundancies only if a majority of the workforce concerned registered support for such a course.

The decision means there will be no official national backing for minority action, such as that mounted at Cammell Laird, on Merseyside, where fewer than 80 workers remain on strike over compulsory job cuts.

More broadly, it shows that the unions have come to terms with the fact that workers in warship-building yards of BS generally support privatisation.

Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, said after the conference: "There is a clear indication coming through that our members are not as alert to the dangers of privatisation as we are. The feeling, in particular in the naval yards, is that, while our members would want to stay within BS, at the end of the day it is doubtful they would be prepared to go to industrial action."

The conference of delegates from all BS yards approved a resolution reaffirming "total opposition" to any closures, compulsory redundancies or privatisation, and voted for a campaign, to start early in the new year, on the privatisation issue.

However, the important qualification of that position states: "We pledge ourselves to support any members who, by a majority decision of their workforce or union membership, decide to take action in support of this policy."

# Defence pressures add £6.5bn to budget

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN's commitment in the Falklands and the Government's failure to keep to the spending ceilings of the defence review of 1981 will have added almost £6.5bn to the defence budget, Sir Clive Whitmore, permanent secretary at the Ministry of Defence, told a House of Commons defence select committee yesterday.

Giving the full figures for the first time, Sir Clive insisted that those and other pressures on the defence budget would not lead to another review involving sharp reductions in commitment.

However, Sir Clive acknowledged that the Government's plans for defence, including the decision to drop the commitment to increase spending by 3 per cent a year in real terms, would mean that there would be no growth in the defence budget after 1986-87.

Sir Clive admitted that there could be "adjustments" as time went on, although he insisted such adjustments were normal practice.

His evidence to the committee, which yesterday began several months of inquiry into defence spending, is the closest the Ministry of Defence has so far come to admitting that pressures on the defence budget might be severe enough to make defence cuts (however they are actually presented) essential in the next few years.

In face of the evident scepticism of MPs, Sir Clive strove to emphasise an argument recently developed by Mr Michael Heseltine, the Defence Secretary. He maintained that there was much more flexibility in the defence budget than was realised.

Some 50 per cent would be uncommitted "three years from now" and 90 per cent would be uncommitted in six years' time. That, MPs pointed out, ignored both the long-term nature of much defence-equipment spending and cost estimation on weapons incorporating high technology.

Sir Clive said that expenditure on the Falklands, at a total of £3.2bn over 10 years, was being financed in addition to the normal defence budget which for 1985-86 is just over £18bn. The budget figures for 1986-87 and 1987-88 will be announced only in the spring.

The other additions to the budget, including extra costs on Trident, amounted to more than £3bn at 1983-84 prices, over 10 years.

Other pressures on the budget will include the loss of the special allowance for defence inflation, reckoned at an additional 1 percent in real terms on the budget as a whole, as well as the effects of a declining pound.

Sir Clive admitted that the present 10-year costing exercise for the defence budget was based on a rate of $1.38 to the pound. A drop of 12 cents to $1.26 would add £180m in a single year, Sir Clive said.

Editorial comment, Page 18

**"SOME kind of accommodation" between Britain and Argentina on the Falklands issue is not only inevitable but also desirable, a report by the committee says.**

**It gives a warning, however, that "in view of the intensity of feelings in Argentina, Britain and the Falklands," the prospects for an early settlement of the dispute are remote. It concludes that the historical and legal evidence makes it impossible to decide whether Britain or Argentina has a better claim to the islands.**

**The committee backs the present government policy of seeking practical and sensible arrangements for relations between the two countries, but calls for "a more positive tone" by Britain in its approach to Argentina.**

**It suggests that the British Government should announce its intention of abolishing the protection zone round the islands as soon as Argentina declares a formal end to hostilities, and declare that it will limit further fortification of the islands and run down the present garrison, provided there are no renewed intentions of Argentine hostilities.**

# Sharp rise forecast in unemployment

BY PHILIP STEPHENS

UNEMPLOYMENT in Britain is likely to rise substantially again next year as the underlying growth rate of the economy slows and inflation edges slightly higher, according to an annual survey of business economists published today.

In a separate review of the outlook for 1985, a leading City of London economist said yesterday that the Government's desire to maintain the momentum of growth meant that it now regarded 5 per cent as an acceptable inflation rate.

Dr Paul Neild, of stockbrokers Phillips & Drew, told an investment conference yesterday that the emphasis of the Government's strategy had switched to give higher priority to growth and employment than to further reductions in the inflation rate.

He said the Government was reflating the economy in three ways, subject to the self-imposed constraints of maintaining a fairly stringent public borrowing stance and of keeping the broad money supply within the top end of its target range.

The first of those boosted activity through lower borrowing costs, the second through a better competitive position and the third through higher consumer spending.

The annual survey of the Society of Business Economists covered the views of 144 of its members in banking, finance and industry on the prospects for next year.

The consensus was that the Treasury's most recent forecast of 3½ per cent growth and a slight fall in the inflation rate to 4½ per cent was over-optimistic.

Two thirds of respondents predicted that growth would be between 2 and 3 per cent, while three quarters predicted that inflation would be somewhere between 5 and 7 per cent.

Commenting on the results, Mr David Kern, chairman of the society's forecasting group and economist for National Westminster Bank, said the outlook for unemployment was regarded as "depressing".

Most thought that the number of people out of work would rise by between 50,000 and 250,000, while less than 10 per cent forecast a fall in the total.

The general view about the exchange rate was that sterling would appreciate against a generally weaker dollar.

THATCHER FLOATS ADVERTISING IDEA

# BBC applies to Government for 40% rise in licence fee

BY RAYMOND SNODDY

THE BBC yesterday confirmed that it had asked the Government for an annual £65 licence fee for a colour television to run for three years from next April.

That would be a 40 per cent increase on the present £46 licence fee and would raise a gross amount of more than £3bn over the three years. The BBC is mostly funded by the licence fee, paid by each household with a television.

Mr Stuart Young, chairman of the corporation, said yesterday: "The BBC has a demonstrably strong case for a fair and reasonable licence fee settlement based on value for money."

In real terms, the BBC argues, the current licence fee costs 47 per cent less than in 1968 when it was first introduced.

The BBC says that 70 per cent of the rise asked for is because of the effects of inflation in the broadcasting industry, with the BBC having to compete for artists, staff and sports events with ITV, the commercial network funded advertising. Mr Young said yesterday that the BBC's costs were still 30 per cent lower than those of the ITV companies.

The BBC claim, is unlikely to be considered in detail by the Government until an independent "value for money" inquiry by accountants Peat Marwick Mitchell is complete. The size of licence fee the BBC eventually gets will be greatly influenced by the verdict of that inquiry on the managerial and financial efficiency of the corporation.

Another factor will be how large a licence fee the Government feels it can impose on the public.

Mr Alasdair Milne, director general of the BBC, said the BBC wanted to enhance the quality of drama, news and factual programmes, broadcast an extra 10 hours a week of daytime television and extend the network of local radio stations. The corporation also wanted to replace worn-out equipment and make a start on a replacement for Broadcasting House in London, which is more than 50 years old.

"We have made a case. That is what we need to do the job," Mr Milne said.

● Mrs Margaret Thatcher, the Prime Minister, favours the introduction of advertising on at least some of the BBC's television and radio channels, Peter Riddell writes.

Her views were being made known yesterday in Whitehall. The possible introduction of advertising cannot form any part of the current talks on the licence fee for the next three years, but the fact that Mrs Thatcher has floated the suggestion is significant.

One interpretation is that she would not mind an approval of an increase in the licence fee to be combined with undertakings by the BBC that it would consider an experiment with advertising. She believes it would be helpful to the BBC to raise some of its income through advertising.

The Prime Minister has in the past been critical of a number of aspects of the BBC, notably its staffing levels and costs as well as the content of certain programmes.

# MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Advertising effectiveness

## In pursuit of proof

BY FEONA McEWAN

AS NEVER before advertising agencies are faced with clients demanding to know where their advertising pound is going. High visibility, winning creative prizes, good feedback from attitude testing, and "warm feelings" within the industry are no substitute for a measure of whether or how advertising actually shifts products.

In an effort to reward those campaigns which do work, the Institute of Practitioners in Advertising in 1980 launched its Effectiveness Awards; the competition is held every alternate year.

The declared objectives of the awards are: to reach a better understanding of the crucial role advertising plays in marketing; to analyse more closely the effectiveness of advertising and improved methods of evaluation; and clearly demonstrate that advertising can be proven to work against measurable criteria.

According to Dr Simon Broadbent, vice chairman of Leo Burnett and a noted researcher, the information gained from the entries (there are now some 130 detailed case studies on file and a further 55 have been published) is setting the pace for fellow advertising nations.

Norman Hawkins, commercial director of Cadbury (a prize-winner this year for its Fudge and Curly Wurly) sees the scheme as "a reasonable business development. If we evaluate our investment i nplant or machinery it is perfectly reasonable for the Board to ask what we are getting for our marketing investment."

Agency Foote Cone Belding, which scooped the Grand Prix for its ICI Dulux Natural Whites campaign, has responded to such pressure by investing substantial resources in a five-year computer-based evaluation programme of its advertising cost effectiveness. "The idea," says chairman Bill Barry, "is not only to make agencies more accountable but enable marketing directors to be more accountable to their boards."

What is more, he notes, advertising is increasingly coming under scrutiny from managing directors of client companies.

The chairman of this year's judging panel, Sir Terence Beckett, director-general of the


"Dulux scooped the Grand Prix for its Natural Whites campaign"

CBI, gave his view: "I see these awards as part of a wider pattern of increasing professionalism in marketing which industrial success. So often in our history we have been better at producing goods and services than we have at selling them. Now we know we must do both."

Valuable lessons could be learned,' he said, by industry in the wider sense—not just the ad world. He called the launch of Dulux Natural Whites paint "an object lesson in incremental low-cost product modification, which, advertising-led, had dramatic potential for higher margins and brand saleability in what had been a price-led sector of the market. Too often British industry has been the victim and not the master of its inventiveness. Low cost, high added value improvement is just the sort of thing we need to see a lot more of in this country."

From 1980 to 1982, Dulux was faced with slipping share in a price-led static market (for Brilliant Whites) and squeezed profit margins. With no significant product improvement to promote, Dulux sought a marketing edge by using advertising to create an image of a slightly different product.

Research confirmed the appeal of tinted whites, particularly to young women, a market segment Dulux was chasing. So Natural Whites were born.

Not only did Dulux thus manage to turn round the declining market share in Whites, and reduce its domination but it expanded the total paint market to a new third sector (tinted whites) which, selling at an average 17 per cent premium, paved the way for manufacturers to improve their profit margins.

The critical task—and the challenge—remains accurately to assess advertising's role in any marketing success story—as opposed to other factors like product quality, price, promotions, competitive activity, seasonality and so on.

The proof of cause and effect is never easy, though in some cases at least there ARE methods of valid evaluation, Broadbent says. He cites measures of sales, profits, and share of market, rather than the intermediate measures of awareness, attitude change, and recall. What's looked for is a "convincing demonstration," as Stephen King of J. Walter Thompson has put it, of the economic effect of advertising.

Several ways are emerging: changes in advertising strategy, or in the amount spent, or in the media used. The scheme demonstrates that it is easier to evaluate established brands than new brands when the advertising would normally be thought to be most effective. Launch advertising has specific tasks: to create awareness, say something new, position the brand, and/or stimulate trial purchase.

Again: King suggests that a criterion for evaluating a new brand launch could be that sales are higher than expected. This can be gauged by comparing experience of previous "new" brands, the "norms" of existing brands . . . different regions, different time periods, econometrics can be taken into account.

One of the most revealing sections is the one for a small budget which this year netted two second prizes: Cow and Gate Baby Meals from agency Abbott Mead Vickers and Torbay Tourist Board's English Riviera courtesy of the Collett Dickenson Pearce subsidiary, Pictorial Publicity, now Trains Dale.

Mike Whitcroft, marketing manager of C and G, who worked with the agency on its case history, reports a 108 per cent increase in sales in a year for the relaunch of baby meals, on a budget of £0.25m.

Tim Whitehead, tourism officer for the Torbay Tourist Board, was able to establish that its three-year-old "English Riviera" repackaging of the Torquay, Paignton and Brixham triumvirate had worked. Not only were hotels filled, and the local resident spurred on by their newfound image to undertake redevelopment projects but the direct response for their brochure has risen from 65,000 to around 225,000.

*Papers from the 1980 and 1982 IPA Advertising Effectiveness Awards are available in hardback. Advertising Works (£7) and Advertising Works 2 (£18), edited and introduced by Simon Broadbent, are published by Holt, Rinehart and Winston. Volume 3 will be published in mid-1985.*

*Simon Broadbent has also gathered together 20 of the best of the above papers in a paperback "20 advertising case histories," which is aimed at students and teachers of the discipline. Published by Holt, Rinehart and Winston, 1984, price £5.95.*

## Putting costs to the test

**Tony Thompson on a system developed to boost producers' and retailers' profits**

PROCTER & GAMBLE, the giant U.S. household products multinational, has been developing a management tool in co-operation with the retail trade which could have a substantial impact on the profitability of both sides of the industry.

Called direct product profitability (DPP), the system enables a retailer to assess costs incurred—warehousing, handling, etc—on each product item. This, in turn, not only gives an accurate indication of the net profitability of each item but also offers scope to identify where cost savings might be achieved.

The system is in sharp contrast to the traditional method whereby a retailer buys at one price and simply adds on a gross margin (in the grocery trade around 22 per cent) which is expected to cover costs and provide a profit.

Early results of DPP have been dramatic, with manufacturer and retailer each claiming savings of over 50 per cent in handling costs in some instances. When such savings are multiplied by thousands, or even millions, of cases of each product, the result can be a healthy contribution to profits.

One of the largest U.S. grocery chains, Safeway Inc., is so impressed with the DPP system that it plans all its 17 U.S. divisions to be using it by the end of next year.

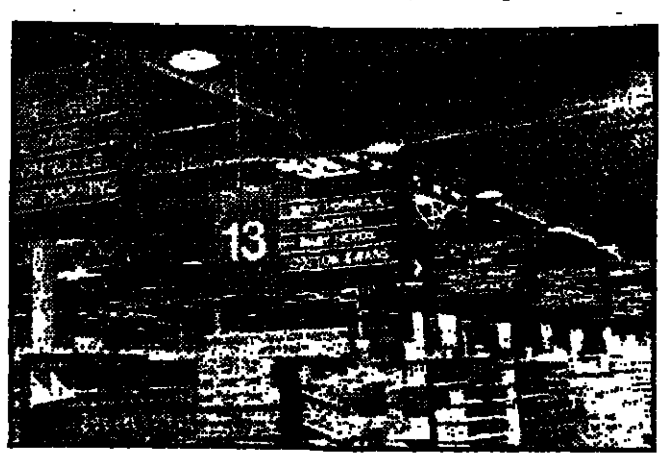
Safeway's Canadian operation has just come on line, and UK and other European units of the chain will possibly follow suit if the U.S. experiment is successful. "Actually we have had something like DPP for about three years in Australia," says Rick Jones, executive vice-president of information services at Safeway's Oakland, California, world headquarters.

"There really is an exploding interest in this concept now," says Jones. "The thing about DPP is that lots of small decisions get made better."

"It was really the arrival of microcomputers and the ability to couple them with the scanning data (collected at electronic checkouts) that made DPP workable," says Tim Hamond, senior vice-president with the Washington-based Food Marketing Institute, which represents the distributive trade.

According to Ken Picktholl, P and G's DPP project manager for Canada, retailers will eventually be able to pull out relevant information from a mainframe computer onto a personal computer and play the "What if?" game. This means they can plot a variety of scenarios—such as, "What if I change product packaging?"—and assess what effect they might have on overall costs.

Playing "What if?" has led P and G to track costs of a product from manufacture to the moment it ends up in the consumer's shopping bag. Among other things, DPP has shown that sometimes packing less items into a case achieves greater efficiency.



Safeways' North American stores are adopting the so-called direct product profitability system

"We have found nine items in a case to be the optimum size, both from our point of view and that of the distributive trade, for some products," says Picktholl.

Using the DPP system, retailers can now show suppliers that their long-time complaint of there being too many units in a case to maximise their profitability has economic substance.

P & G was also able to make a saving in another area; it has proved that by adjusting its Tide washing powder packet it saved 45c a case in its own costs and 26c in trade handling. A change in its Crisco cooking oil bottle saved retailers 26c a case in handling costs. Then again, by squaring off the Downy fabric softener bottle, P & G found eight bottles fitted into a box that was smaller than the original container holding six. This cut P & G's internal costs by 50c a case and the distributor's by 32c a case.

But with smaller packaging, both suppliers and retailers face a dilemma. On the one hand costs are lowered; on the other the impression of a change in size may swing the consumer away to a competitor.

"The answer for manufacturers," says Safeway's Jones, "is that they have to know where they want to go, and make those changes very slowly, watching consumer reaction. If you want to make a drastic change, I think most manufacturers would want to take it in two or three steps."

This is exactly what P&G is doing with Downy. Having first changed the bottle shape it is now marketing Super Concentrated Downy. To overcome the problem of size impression, P&G's merchandising campaign for the product is aimed at educating the consumer that the smaller concentrate size actually saves 15c a wash-load.

However, this brings another dilemma. Retailers will see that the case volume of these concentrated products is reduced, figure that the brand is losing ground, and thus order less next time. Nevertheless, P&G says it can prove with DPP that store profits for the item actually improve.

Another facet of the DPP system is that it will highlight such details as which of three delivery methods is best for a given product: direct from manufacturer to the distributor's warehouse for onward transmission to stores; from manufacturer to the store's own unloading bays; or the direct store drop, where the supplier, as in the bakery trade, has its own employees keeping a retailer's shelves stocked.

All of this activity is already having interesting side effects. Following a couple of decades during which increasing retailer concentration led to both sides of the industry haggling over allowances and discounts, DPP "creates a common language," says Picktholl. "Now we can have an objective business discussion based on factual information.

"We think that eventually it will get everybody thinking toward a total systems approach in the grocery industry and show that we are all in business together to sell consumers more of what they want," says Picktholl.

Other major suppliers, such as General Foods, Nabisco Brands, and the Campbell Soup Co, have been watching the P & G experiment with intest. "Most of the multinationals are starting to incorporate DPP thinking into their analysis about new products and line extensions," says David Clark, president of Campbell's Canadian operation. "I must admit it is highly optimistic, but it (DPP) sure as hell beats trying to blast one another's brains out (over allowances and discounts).'

The process will call for a change in attitude from the manufacturer, according to Graham Denton, president of Product Initiatives of Toronto and New York, who advises on new product introductions. "Suppliers will have to do more research among the retail community. If they don't get through the retail barrier, then they won't get their day in court with the consumer."

Europe's turn to test the system is not far away. P & G has recently moved from North America to the UK and other European subsidiaries senior staff who are dedicated to putting DPP into operation. It may take a little longer for it to become effective, because Europe generally is further behind in the use of front-end scanners (electronic checkouts). But overall, industry insiders expect DPP systems to be operating within five years.

Ironically, although most of the action is in North America, it is the Alfred Hejne chain in the Netherlands that has made the most progress. "We've had a lot of talks with them (Heine) which have proved to us that they are as good, if not better, than any other retailer in the world in putting DPP to work," says FMI's Hammond. "It's certainly going to be a very useful tool for the retailer in evaluating their own operations."

# TECHNOLOGY



EDITED BY ALAN CANE

PETROLEUM INDUSTRY PROCESS CONTROL

## Smart sensors cut costs

BY ALAN CANE

CUTTING COSTS rather than going for growth is the order of the day for the petroleum industry, faced with stable demand for its products through to at least 1990.

And its best hope of achieving substantial costs savings is to instal "smart" transmitters in its refineries—or so says Honeywell Technalysis of Minneapolis which, as part of the Honeywell computers to control instrumentation group, has a vested interest in being right.

Nevertheless, the figures it produces in a new report are impressive; the techniques it advocates can be applied in other process industries such as chemical, pulp and paper plants.

It says that the use of this new control technology could achieve as much as a 5 to 10 per cent increase in productivity over the next 10 years.

For a refinery where modernisation involved the installation of 100 microprocessor-based transmitters in a typical mix of critical and non-critical applications, this would means savings of $48,000 in the first year and payback in 18 months: "In practice, pay-back may be even quicker. There are benefits that could accelerate payback that are hard to quantify: the value of faster start-up bringing the process online sooner, improved product quality through optimisation of raw material utilisation, tighter energy balances and enhanced operating efficiency."

Industrial control could have been made for the microprocessor. Conventional transmitters comprise a sensor to measure temperature, pressure, flow rate and so on and output circuitry to connect the sensor to the control room. They transmit data in one direction only—from sensor to control room.

Microprocessor-based transmitters permit two way communication with the operator providing remote programming, diagnostics and decision making information as well as improved accuracy and longer range working.

According to Honeywell: "From the standpoint of improved control technology, microprocessor-based transmitters are the most noteworthy current development—comparable to the introduction of process control computers in the mid-1960s or distributed control in the 1970s."

They confer four principal benefits:

● Maintenance savings

Conventional analogue transmitters can absorb a substantial proportion of a plant's entire maintenance budget—perhaps as much as 8-10 per cent.

With "smart" transmitters with their two-way communication capabilities, one person in the control room can check and adjust all the transmitters in the plant—which frees electrical and instrumentation specialists to work on other problems.

The Honeywell study estimates that smart transmitters could save between $200,000 and $8m annually in the 12 leading oil producing regions of the U.S.

● Modernisation savings

Honeywell says that compared with conventional transmitters, smart units provide reduced contract labour costs, higher quality production from the beginning and quicker return on investment in new process units.

Furthermore, new or modernised plant inevitably contains unanticipated design flaws. Corrections can be made to microprocessor-based transmitters without removing them from the unit.

● Internal energy conservation

Refineries use steam in massive quantities—750,000 lb an hour is not untypical. Whether generated internally or bought in from an outside utility, microprocessor-based sensors can improve measurement precision and cut billing errors.

In one study, Honeywell estimated that one refinery could save $200,000 in reduced billing errors in one year using smart transmitters.

● Improved control of process flow

Slight improvements show large payoffs where massive quantities of oil—say 5m gallons a day—are concerned. Oil is not actually lost—it simply becomes unaccounted for; something that would not be tolerated where cash flow was concerned.

Conventional sensors have an error of 2 per cent; smart sensors 0.4 per cent. Honeywell suggests that the difference in the amount of oil not accounted for could range from 270,000 barrels to almost 18m barrels yearly in oil refineries in the Gulf States region.

Smart transmitters can also contribute to worker safety as they need much less on-site maintenance: "Remote access means less time on oil towers next to boilers operating at 300° C or in cramped dirty workplaces," Honeywell claims.

It's ST 3000 has been installed by more than 100 oil refineries since its introduction and nearly 10,000 of the transmitter are in use in process industries.



Computers

## Retail management

DATASENSE, the London business software specialist, has designed a retail stock management system to run on the IBM System 38 computer.

Originally developed in conjunction with Underwoods store chain, the system is called RIMAS (retail inventory and management accounting system). It allows store managers to place a daily order at a portable terminal which is transmitted over a telephone line to the warehouse, allowing the goods to be delivered the next day.

The system allows each store to have a unique stock profile so that it can respond to local demand without rigid system restraints. The Datapoint portable terminal can accommodate 1,500 items.

Underwoods is using 20 visual display terminals at its White City distribution centre with a data link to its Sloane Square office. Each of the 32 stores has a portable terminal which can link to the IBM System 38 over dial-up lines. More on 01-581 1481.

Components

## Artificial intelligence

APPLICON (UK) of Stockport, part of the Schlumberger group, has extended its Bravo computer-aided design and manufacturing system by adding artificial intelligence for the design of very large-scale integrated circuits (VLSI).

By making use of its knowledge of the semiconductor technology in which the device is to be designed, the system can continuously monitor the design for compliance with established design rules. Any violations are reported on the screen both graphically and in text form.

The system remains easy to use says the company. Users can edit several parts of a logic design or a circuit layout in multiple windows on the screen. A dual menu is used, one to access commands, the other to select elements using an icon display. More on 061-429 7227.

OPTICAL CHARACTER RECOGNITION

## Read better, read cheaper

BY GEOFFREY CHARLISH

A SIMPLE, manually operated device that will read typewritten text into a computer at the rate of one line over 3.5 seconds has been developed by Oberon International of Hemel Hempstead.

Known as the Omni-Reader, it costs only £400 and is aimed at users of personal and other small computers who need to get paper documentation into their system. The alternative is re-keying, which can be expensive in terms of either executive or secretarial time.

The most likely application of Omni-Reader will be in word processing, allowing existing paper to be merged with electronic documents. But the system also is a means of transferring text between incompatible computers or word processors. The print-out from one is scanned and fed to the input of the other. There may also be applications for the entry of text for electronic mail and of new material into spreadsheet or database systems.

Most optical character recognition (OCR) machines have automated scanning and paper transport mechanisms and can cost from £6,000 to £40,000 according to Oberon. Such machines are generally used in a central organisation with high volume text handling. But the trend to individual workstations has generated a need for low cost, stand alone text reading machines for processing smaller volumes of information.

> The most likely application of the Omni-Reader will be in word processing

Mr John Lewis, inventor of the Omni Reader with his machine linked to a Macintosh computer.

The Omni-Reader has only two moving parts. One is a transparent ruler with a matchbox-sized reading head that slides along the length of a line of text. A slot in the ruler extending across the width of the page allows each line to be "windowed" as the ruler is moved down the page.

The left hand end of the ruler is secured in a sliding carriage which moves over the height of the page on a vertical guiding rod. The rod is mounted on a plastic tablet on which the paper rests.

To enter a page of text the user simply "windows" each line and moves the reading head along it in either direction—the speed of movement is not critical up to the maximum. A special "clock track" on the ruler is sensed by the reading head to determine how fast and in which direction the head is moving.

The clock track pinpoints the position of the head at all times, so that white spaces are duly recorded and the format of the material being scanned is retained. Similarly, text from the typescript can be edited — sections can be left out simply by switching the reading head off. Any characters that are not recognised due to dirt, poor impression or similar problems can be correctly inserted on the microprocessor's screen via the keyboard—each line appears on the screen as soon as it has been scanned.

The cable-connected head contains a single line array of tiny light sensitive semiconductors disposed at right angles to the direction of the printed line. At fixed intervals the line of devices is scanned electronically and the variations of black and white are read out into a semiconductor memory.

In this way a series of vertical slices is taken of the text line and is stored. The slices are analysed by a microprocessor using a specially developed algorithm and an output is generated ready for transmission to the user's microcomputer.

> Any characters that are not recognised can be entered via the keyboard

The algorithms employed can recognise the majority of typewritten material. Four typefaces are loaded into the machine as supplied—Courier 10, Courier 12, Letter Gothic 12 and Prestige Elite 12. But extra faces can be accommodated, by downloading from the computer on which special floppy discs are run.

Omni-reader can read text into most word processors and personal computers. It connects via a serial RS232 interface as easily as a modem.



Machines

## Demand for moving machines

A REPORT* from Frost and Sullivan puts the European market for motion control products at $0.9bn last year and forecasts that by 1989 the figure will have reached $2.0bn, an average annual growth rate of 15. 5per cent.

Motion control products include suce devices as multi-axis controllers, stepping mtors, servo motors and drives, and several other categories that use small electric motors.

In spite of the strong ternd for electronics to replace moving parts in many industrial applications, the overall growth of technology-based industry will keep demand hihgh for sophisticated "moving parts," driven, in the majority of cases, from a computer.

West Germany was by far the largest user of motion control products in 1983 ($338m), followed by the UK $152m) and France ($149m). By 1989 the figures will have become $861m, $353m and $368m, France having moved into second place.

The largest sales ($302m in 1983) where of microprocessr controlled multi-axis controllers, a combination of micro and stepping motor in which the three axes of say, a machine tool can be programmed from screen and keyboardw

...Mos products in 1983 went to factory automation ($509m) followed by defence/avionics ($164m), computer peripherals ($160m) and robotics ($71m). But by 1898 robotics will be on par with the other categories.

*"Advanced Motion Controls in Europe, Frost and Sullivan, 360pp, US$1,800. More on 01-486 8377.

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Candidates should be in their 30s, well-educated and already successful in a similar, sophisticated market – ideally investment products and services. An informed awareness of the investment scene is a minimum requirement and an appropriate professional qualification would be an asset. Personal qualities must include the stature, determination and social skills to forge fruitful long-term relationships at senior level.

A highly attractive salary and bonus package is negotiable; benefits include a car, mortgage subsidy, non-contributory pension and BUPA. Please apply in confidence with full personal, career and salary details, quoting ref. 133/6/FT, to:- Charles Barker Management Selection International Ltd., 30 Farringdon Street, London EC4A 4EA. Telephone 01-834 1141.

**CHARLES BARKER**
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# BANKING SUPERVISOR

**Guernsey** **Salary negotiable**

The Island of Guernsey is an established offshore international banking and financial centre. Over 40 institutions currently hold banking licences and the majority of these are branches or subsidiaries of major international banks with parents in the United Kingdom, Continental Europe, North America and Australia.

In view of the continuing growth of the financial sector it has been decided to strengthen the staff of the States Advisory and Finance Committee (the licensing and supervisory authority) by the appointment of a Banking Supervisor. This is a senior appointment with responsibility for licensing procedures and supervision of this important sector of the economy.

Applicants will have had experience of banking supervision with a similar supervisory body or alternatively may have gained the necessary knowledge within the banking industry.

The appointment can be either on a permanent or fixed-contract basis and salary is negotiable depending on exerience and the basis of the appointment.

*Further information and application forms are obtainable from:—*

**The Establishment Officer**
**States Civil Service Board**
**Nelson Place, Smith Street, St. Peter Port, Guernsey**

*to where completed forms should be returned to arrive by 11 January, 1985.*

# FINANCIAL MANAGEMENT CONSULTANT?

You have no doubt seen vacancies for financial management consultants and have perhaps wondered what exactly this entails.

In a lot of cases it means selling Life Assurance, Pensions, and Investment Plans. However, at Allied Hambro Financial Management it means a lot more.

As one of the country's largest financial institutions, we are in a unique position to offer our clients a complete integrated range of financial services including Portfolio Management, and Banking Services. Consequently we require people of integrity to train for a career in this wider sphere of financial management consultancy.

As we spend over £2 million pa on our Training Programmes, we are not so much concerned with your background, as with a successful track record, and above average ability to communicate, and a determination to succeed.

We consider well trained totally professional people crucial to the future of our business.

Dial 100 today and ask for "Freephone Achievement" and speak personally to one of our Branch Management Team in major towns and cities throughout the UK excluding Northern Ireland.

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*For further information contact:*

**Appointments Advertisement Manager**
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**London EC4P 4BY**

**Tel: 01-248 8000 Ext. 3456**

# Marketing/Planning Executive

## International Treasury

Our client, an internationally renowned US bank currently seeks to appoint a highly motivated Marketing/Planning Executive to develop a new interactive role between its Capital Markets Group and the other Marketing and Line areas of the Bank.

Liaising at all levels throughout the organisation, this highly significant position will include responsibility for:–

- ★ The co-ordination, development and management of all Foreign Exchange and Money Market activities in Europe, the Middle East and Asia.
- ★ Development of marketing plans and strategies, product and sales force enhancement.
- ★ Business planning and budgeting for international treasury operations.

Aged about 30, candidates will be graduate, US credit trained, with a minimum of 4 years marketing experience in a US banking environment. An in-depth knowledge of Foreign Exchange, interest rate exposure and credit/non credit bank services are key requirements.

Self confidence, initiative and excellent interpersonal skills will be substantially rewarded, and interested applicants, in the first instance should contact **Chris Smith**, Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, or phone him on 01-404 5751, quoting ref. 3449. Strictest confidentiality is assured.

**MP**

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

# Energy Banker

## – An exciting opportunity with a major New York bank – City-based

Our client is one of the prime U.S. banks with a diverse business base and a substantial network of international offices.

One of the most successful aspects of the bank is the London based Energy function which covers Europe, Middle East, Africa, Asia and Australia. The department is engaged in the provision of a full range of banking services including project finance/advice and capital market products, primarily to oil and gas clients.

The bank now seeks a further high calibre executive to join the existing team at A.V.P. or V.P. level. The successful applicant will have between 4 and 7 years banking experience, which includes a good credit training and substantial exposure to managing corporate account relationships. Preferably, this experience will include working with energy companies in the areas of project finance and capital markets. Responsibilities will encompass marketing for new business particularly amongst European customers and prospects and relationship management worldwide.

Candidates, who are unlikely to be earning less than £20,000, should write enclosing a C.V. to **Nick Waterworth** at Banking and Finance Division, 23 Southampton Place, London WC1A 2BP. Ref. no. 3447. You should indicate any banks to which you would not wish your details to be forwarded.

**MP**

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

# Investment Administration Manager

Our expanding international fund management group wishes to appoint an officer to supervise the administration of institutional client portfolios. Your responsibilities will include the maintenance of computerised investment records, the preparation of client reports and the development of existing management information and reporting systems. You should be a graduate with several years experience in securities markets and be conversant with relevant computer systems and international settlements procedures. We will also expect you to be able to demonstrate supervisory abilities.

The salary will fully reflect the importance of the position and will be supported by a generous benefits package.

Please write to:–
Sally Morse, Personnel Department,
Saudi International Bank,
99 Bishopsgate, London EC2M 3TB.

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Saudi International Bank
AL-BANK AL-SAUDI AL-ALAMI LIMITED

**CJA**

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
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Potential to progress to senior management in correspondent banking or other key marketing areas in 24 - 48 months

# INTERNATIONAL BANK MARKETING EXECUTIVE— FRENCH SPEAKING

CJA LONDON

**£25,000—£30,000 + MORTGAGE**

**MAJOR INTERNATIONAL BANK—ASSETS IN EXCESS OF U.S.$50 BILLION**

We invite applications from candidates, aged 28-36, who are fluent in French or Italian and who have acquired a minimum of 4 years' practical experience in a banking marketing role as a member of the marketing team. The successful candidate will be responsible for liaising with the Managers of Correspondent Banking, in the 300+ banks in Continental Europe, with whom correspondent agreements are already established, and, of key importance, promoting and developing the bank's services in LC's, Collections, Payments, monitoring balances etc, as well as other specialist areas. Between 30-50% away travel will be necessary. The capacity to relate to and communicate effectively with senior bankers in a lucid and commercially positive manner is important. A full continuation training will be provided where necessary. Initial salary negotiable £25,000-£30,000+car, low-interest mortgage, non-contributory pension and life assurance scheme. Applications in strict confidence under reference IBME 4302/FT, to the Managing Director:—

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-638 9216.
* Please only contact us if you are applying for the above position

# Investment Communications Manager

Abbey Life Investment Services is responsible for the investment management of assets valued at nearly £2,000 million on behalf of Abbey Life Group Companies.

As part of our continuing service to policyholders and intermediaries, we wish to appoint an Investment Communications Manager, who will further promote and enhance communication relating to investment products and services.

The person appointed will have responsibility for the research and provision of investment reporting and marketing material and both written and verbal communication with clients relating to the Group's range of Investments.

This is a key and expanding area and it will offer interesting career prospects to a person with initiative. The ability to assimilate and communicate complex investment data in a creative manner is essential; together with a clear understanding of investment and financial matters. Candidates are likely to be aged between 25 and 32.

The position will attract a salary circa £12,000 plus a comprehensive range of fringe benefits to include relocation expenses where appropriate.

Please apply in writing enclosing a comprehensive C.V. to:

**Ann Matthews, Personnel Officer,
Abbey Life Assurance Co. Ltd.,
80 Holdenhurst Road,
Bournemouth, BH8 8AL.**

**Abbey Life**

# INTERNATIONAL BANKING

## MARKETING CREDIT ANALYSIS

Our current portfolio contains a number of career opportunities within these fields, spanning a wide range in terms of specific function, level of seniority, nature of bank, etc.

**CORPORATE MARKETING — £13,000 - £26,000**

The recurring requirement is for bankers, probably 28/35, who have already superimposed a successful record of marketing a broad range of "products" on to a solid academic and practical training.

One or two particularly challenging opportunities also exist for those with specialised market knowledge, e.g. Property, a Forfait, Interest Rate Swaps, Scandinavia.

**CREDIT ANALYSIS £12,000 - £15,000**

The common denominator in these opportunities is that they each demand sound (pref. formal) credit training and practical skills.

Some extend either immediate or projected marketing involvement whereas others will be of appeal to those whose interests and aptitudes are more appropriate to progression in the credit function.

To measure these opportunities against your own career objectives, please telephone John Chiverton or Ann Costello

JOHN CHIVERTON ASSOCIATES LTD.
5, Castle Court, London, E.C.3, 01-623 3861

# Leading firm of International Money Brokers seeks an experienced person

to head up its expansion within the Interest Rate Swap market. The ideal candidate would have dealing experience in this product and be aged 25-40.

A substantial salary and profit-sharing scheme would be offered together with the normal fringe benefits.

*Please send replies to: Box A8819
Financial Times, 10 Cannon Street
London EC4P 4BY*

BOND UNIT

# TRADER

The merchant arm of one of the foremost Continental banks require a senior straights trader to strengthen its already impressive Eurobond exposure. The ideal applicant will have over 5 years' experience in a $ straights two-way market-making environment and will want to expand an established book concentrating on long-dated instruments.

Remuneration will be commensurate with the importance that the bank attaches to this position.

# MONEY-MARKETS

One of the most successful American investment houses is in the process of expanding into the floating rate area as an addendum to its fixed rate presence. To this end there is a requirement for experienced professionals with a track record in FRNs, CDs or FRCDs, whether it be in a sales or a trading function. If you are looking for a "start-up" situation where you will be more in control of your destiny, then this could be of interest.

As we approach Christmas and the New Year, no doubt our thoughts gravitate to new challenges and new horizons. So instead of sitting back on a well-earned bonus, please contact NICK WILLIAMSON or STEPHEN DOPSON on the above number for an informal, discreet meeting to discuss potential points of mutual interest.

*STEPHEN DOPSON can also be contacted on 0787 281712 after 7.30 pm*

FTB Recruitment (London) Limited
Tel: 01-588 4681

# Treasurer

## Expanding Financial Group

around £24,000 + car — Late 20's/early 30's

This is a rare opportunity for an ambitious young treasurer to join one of the City's fastest growing, listed financial services groups. Based in London, you will be responsible for all aspects of treasury management and will play a key role in taxation, group structure and dividend policy matters.

Candidates, probably in their late 20's/early 30's, must have five years' progressive treasury experience and strong technical accounting skills. The proven ability to produce accurate results within a fast moving environment coupled with good communication skills is essential.

Starting salary is negotiable around £24,000 per annum and benefits include a quality car and non-contributory pension scheme.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. I. R. Lloyd ref. B.1849.

*This appointment is open to men and women.*

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CONFIDENTIAL ADVERTISING

# Director of Economic Development and Planning

FIFE REGIONAL COUNCIL

**£23,451-£25,308
(National Award Pending)**

In order to further the Council's policy in pursuing an effective and increasing role in the support and encouragement of the local economy and its development, the Regional Council has agreed to establish a new Department of Economic Development and Planning. The appointment of Director of this new Department is seen as crucial to the success of this initiative.

While no particular professional discipline is required, applicants must be educated to a high standard with a general management, professional or technical qualification. Wide industrial experience at senior management level concerning provision and pricing of products or services is essential.

Salary scale is £23,451-£25,308 (award pending) and conditions of service are as laid down by the J.N.C. for Chief Officials (Scotland).

Relocation expenses in accord with current Council policy are payable, rented housing available.

Canvassing directly, or indirectly, will disqualify.

Application forms and further details are available from the Director of Manpower Services, Fife House, North Street, Glenrothes, Fife. Telephone Glenrothes (0592) 754411 Exts. 3565/3566/3567.

Closing date for receipt of completed application form FRIDAY 28TH DECEMBER, 1984. Please quote reference number DP/53/338J F

# ASSISTANT FUND MANAGER

## North American Equities

As a major UK institutional investor with our Head Office in the City, we are continuing to expand our involvement in the North American equity markets.

This expansion requires us to recruit an Assistant Fund Manager to join our International Fund Management team.

The person appointed will have had 1-2 years involvement in the analysis of North American companies, together preferably with some Fund Management experience. We are looking for individual qualities of initiative and enthusiasm as the job requires active participation from an early stage in the day-to-day management of funds exceeding $100M.

In addition to a starting salary of £15,000 we offer an attractive benefits package including pension scheme, low interest mortgage facilities and other fringe benefits.

**To apply please write with full c.v. to:-
David Malcolm, Chief Investment Manager, Royal Insurance plc, 1 Cornhill, London EC3V 3QR.**

**Royal Insurance**

# Appointments Wanted

**INTERNATIONAL SALES/DISTRIBUTION SPECIALIST**

Seeks position with manufacturer/exporter of forged steel fittings and components for lifting gear/equipment or other industrial products sold through supply houses and stocking distributors.

☐ 15 years' experience in Europe and Middle East working for top U.S. companies ☐ 5 languages ☐ Established and loyal distributor network ☐ Proven marketing ability

*For further information please write to Box A 8803
Financial Times, 10 Cannon Street, London EC4P 4BY*

**AT A CAREER CROSSROADS?**

We require executives preferably in their 40s with a background in industry, commerce or the professions to be trained to offer a wide range of financial services to businesses, professional intermediaries and individuals. Income is not limited and benefits are provided.

Write to:
R. A. Armstrong or M. J. Talbot at
HILL SAMUEL
INVESTMENT SERVICES LTD.,
50 Pall Mall, London SW1Y 5JQ
or telephone 01-930 1012

# International Appointments

## CREDIT ANALYSTS -CITY

Manufacturers Hanover Trust is one of America's leading banks with a network of offices world wide. We offer outstanding opportunities for intelligent, enthusiastic people with the will to succeed in the competitive world of International Banking.

We have modern offices in the City, Stratford E15 and the West End and currently seek to appoint Credit Analysts with AIB (or near completion) and charged securities experience.

These positions are open to men and women and offer job security in an environment providing excellent career development, a policy of internal promotion whenever possible and growth potential. Attractive salaries are based on ability and experience and we offer a first class benefits package.

Applicants should send full details of age, education, experience and current remuneration to:

**Ian T. Dodd, Manager, Personnel, Manufacturers Hanover Trust Company, Gerry Raffles Square, Stratford, London E15 1XG.**

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TOMORROW'S WORLD

ECONOMIC AND SOCIAL RESEARCH COUNCIL— INFORMATION AND COMMUNICATIONS TECHNOLOGIES

## Co-ordinating Director

### for Social Science Research Network

Don't let the conventional language fool you. The ESRC is breaking new ground.

We seek a Director for a vital network to link research centres. The Director is to be appointed as soon as possible for three years in the first instance, at a salary of around £25,000 a year.

The job is to take stock of current research on the economic, social and managerial implications of the new information and communications technologies and to draw up a plan for development in the field through research in a network of centres. The Director will be located at the Headquarters of the ESRC in Central London and provided with supporting staff.

It is intended that the research programme will reach an annual level of spending of £1m a year in 1987/8. At the end of the five-year programme Council will decide whether to establish a more permanent national centre for the field.

A part-time appointment might be considered if a suitable full-time Director cannot be found.

Further particulars are available from: Dr Cyril Smith, ESRC, 1 Temple Avenue, London EC4Y 0BD.
Closing date: 11 January, 1985.

ESRC ECONOMIC AND SOCIAL RESEARCH COUNCIL

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## VENTURE CAPITAL

Leading U.K. independent venture capital house with established investment portfolio in excess of £20m seeks industrially-experienced senior executive to join small, high-calibre team—London-based and attractive remuneration package including incentives. Age 35-45, technical or numerate degree, including preferably MBA or equivalent. Ideally, background should include at least five years line operating experience in the information technology industry, whether computer-related, telecoms or similar.

Please write Box A8837, Financial Times, 10 Cannon Street, London EC4P 4BY.

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## Institutional Sales/Analyst

**£Neg**

Our client, a major international investment Bank, require an institutional sales/analyst executive to concentrate on the institutional sales for the Middle Eastern clients. The successful candidate must be able to demonstrate a thorough understanding of both the political and economic trends of the Middle East. Fluency in a Middle Eastern plus at least one other European language apart from fluent English is essential. Applicants should have a proven academic record to at least Master Degree level. A competitive salary plus the usual Banking benefits will be offered.

Please send full curriculum vitae to: Mr. B. Johnson, PER London West, 319-329 Chiswick High Road, London W4.

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## A direct line to the executive shortlist

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| Bristol | 0272 277315 | 30 Baldwin St. |
| Edinburgh | 031-226 5680 | 47a George St. |
| Glasgow | 041-332 3672 | 180 Hope St. |
| Leeds | 0532 450243 | 12 St. Paul's St. |
| Manchester | 061-236 8409 | Faulkner Hse, Faulkner St. |

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## International Fund Management
### Singapore

**Wardley Limited,** the merchant banking arm of the Hongkong and Shanghai Banking Corporation has a small established office in Singapore servicing institutional clients and high net worth individuals. It seeks an experienced Fund Manager to take control of the Singapore investment operations. The successful candidate will develop international investment strategies, have full responsibility for the investment of funds under management and will contribute to the marketing of the operation's discretionary portfolio management services.

Candidates for this new role will have a minimum of five years experience in the management of international funds and with a strong equity bias. Candidates should enjoy working with a good degree of autonomy, want client contact and have the skills and personality to work in a small group and develop and train the team of junior fund managers.

A generous salary package will be negotiated. Full expatriate benefits including free furnished accommodation, leave passage allowance, motor car and subsidised mortgage will be provided.

*Please reply with full career details to:*
P.A. Coulson, Wardley Group Recruitment Manager,
Wardley London Limited, 7 Devonshire Square, London EC2M 4HN.

*member:* HongkongBank *group*

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## SAUDI ARABIA

### *General Manager—Telecommunications*

Oldest company in Saudi Arabia immediately seeks a General Manager to direct all activities of its autonomous Telecommunications Division in Jeddah. The General Manager has complete responsibility for profitable growth of the Division and reports directly to the Directors of the Company.

Background must include at least five years of successful top-level general management and administration of project-oriented organisations engaged in Telecommunications, Computers and other systems. International experience and degree are required. Successful candidate ideally will have a substantial Marketing, Operations and Financial background and demonstrated strength in organisational development.

Excellent compensation package is offered in a multi-year contract including free housing, family status, automobile, driver and other benefits. Outstanding salary is offered commensurate with capabilities.

Please respond to Mr. L. Smith, Dantean Limited, St. George's House, 12A, St. George Street, London W1R 9DE. Tel: 01-409 0179.

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## Personnel Manager

**A leading Arab International Bank requires a Personnel Manager to be based in Dubai**

Essential requirements will be a sound academic qualification in the personnel area and about 10 years experience.

The job will involve developing personnel policies for the bank in all its operational locations, more specifically, structuring compensation packages, developing career paths for the bank staff and staff training.

Remuneration around £25,000 per annum tax free with other benefits. Free furnished accommodation provided. Ideally, candidates should be around 35 years of age. Applications for the position should be marked "Confidential" and addressed to:

**Executive in Charge, Personnel and Administration**

**PO Box 5547, Dubai, UAE**

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## Banque Nordeurope, Luxembourg

From January 1, 1985, Banque Nordeurope, Luxembourg, with a balance sheet total of over SEK 3 billion and about 20 employees will be owned by SwedBank and Skopbank with 87.5 % of the shares and Fællesbanken, Denmark, with 12.5 %.

Due to the change in ownership a new marketing-oriented

## Credit Manager

is required with proven experience of international credits from a bank or the treasury function of a major corporation.

The work includes marketing the Bank's credit services to Nordic companies and their subsidiaries on the Continent. An acute business sense and the ability to close deals are essential. The position involves at least 100 days of travelling per year.

Interested candidates please contact Tomas Hammar, General Manager and Head of International Division at SwedBank in Stockholm, tel.no. 08-7901212 for further information.

SwedBank is the fourth largest bank group in Scandinavia with a consolidated balance sheet total of just over SEK 100 billion. The Bank is part-owner of FennoScandia in London and has Representative Offices in Moscow, Helsinki, Oslo and Copenhagen.

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## Morgan Grenfell & CO. LIMITED.

## Corporate Finance – Australia

We are seeking senior experienced corporate finance professionals aged between 27 – 45 to join our active Australian subsidiary at director or associate director levels.

Morgan Grenfell Australia Limited is a wholly owned subsidiary of Morgan Grenfell & Co. Limited and has established a leading position in Australia particularly in corporate finance. With its head office in Sydney, Morgan Grenfell Australia is engaged in all aspects of domestic and international corporate finance and works closely with associate subsidiaries and its parent on domestic and international transactions.

The successful applicant will be a suitably qualified graduate with a proven success record of at least 5 years in corporate finance. Reporting to the head of corporate finance Australia *the applicant will lead a small team and be responsible for both client and project activities.*

A dynamic personality, self-motivation and creativity, together with leadership skills and the capacity to provide advice to clients at the chairman and managing director level are seen as essential qualities.

This is a career opportunity; preference will be given to applicants willing and able to obtain permanent residency status or to Australian and New Zealand citizens. A knowledge of Australia and the Pacific Basin is desirable but not essential.

Opportunities also exist for suitably qualified professionals to join other offices of Morgan Grenfell in the Pacific Basin.

Applications, enclosing a curriculum vitae, which will be treated in the strictest confidence, should be sent to:

G. G. Hill, Morgan Grenfell & Co. Limited, 23 Gt. Winchester Street, London EC2P 2AX.

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## THYSSEN

A member of the Thyssen Group, we operate as national and international traders in solid fuels.

As part of the forward-looking strategic development of our company, we are seeking as soon as possible for our **Hamburg** and **Singapore** offices respectively a young, dynamic

## FUEL TRADER

experienced in international solid fuel trading and capable of playing a responsible role in the expansion of our international activities.

A sound knowledge of German, French or Spanish would be an advantage.

We offer a salary commensurate with performance and the fringe benefits normally associated with a major company.

Address your written application to our Staff Department, Königstrasse 78, D-4100 Duisburg 17, Federal Republic of Germany.

**THYSSEN CARBOMETAL GMBH**

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**EMPLOYMENT CONDITIONS ABROAD LIMITED**

An International Association of Employers providing confidential information to its member companies, relating to employment of expatriates and nationals worldwide.

**01-637 7604**

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## TRUST OFFICERS

**ROYWEST TRUST CORPORATION LIMITED**

Due to continued expansion, the ROYWEST TRUST GROUP, one of the largest groups of companies offering international services involving a variety of jurisdictions, wishes to engage experienced Trust Officers for positions in the Bahamas and the Cayman Islands.

Applicants should have a minimum of five years' experience in trust administration. Trustee qualifications are a necessity. The posts to be filled offer a very attractive tax-free compensation package which includes allowances and annual return air fares for the Officer and dependants, pension plan, and medical and life insurances.

Preliminary interviews will be carried out in London and interested applicants should forward a full resumé of education and experience, which will be treated in the strictest confidence to:

**Peter Stradling, Vice President, Europe**
**ROYWEST TRUST CORPORATION**
**P.O. Box 110, 1000 Lausanne 13, Switzerland**

*The RoyWest Group is associated with National Westminster Bank PLC and the Royal Bank of Canada*

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## Fund Manager Hong Kong
### £30,000 Plus

Our client, an International Merchant Bank with a well established presence in Asia, is seeking a bright, resourceful, young investment analyst/fund manager to join their small and fast expanding team of fund managers in Hong Kong.

The ideal candidate is likely to be a university graduate in his/her late 20s with 3 or more years experience, trained in a brokerage firm, bank or merchant bank in London, willing to live in Hong Kong. The successful candidate will act as a director in a small team of portfolio managers serving institutional and private clients in Asia, investing in Japan, U.S., Hong Kong, and other Asian markets.

Our client wishes to attract a candidate of the highest calibre and will offer an exceptionally attractive compensation package including full expatriate benefits.

A taste for adventure, and willingness to learn fast, are essential qualifications.

Please write in confidence with full career details to:

St. James's Corporate Consulting,
Box FT/881, St. James's House,
4/7 Red Lion Court, Fleet Street, London EC4A 3EB.

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## GENERAL MANAGER COMMODITY TRADING

based in Geneva to manage the activities of a multi-national, multi-product commodity trading group, reporting to the chairman.

Qualifications should include a college degree in management/marketing and minimum of 10 years' experience in the international trading of bulk commodities. Experience trading with Third World countries desirable.

Candidates should have held senior, decision-making management positions.

Fluency in English plus working knowledge of French necessary.

Compensation will include excellent salary and fringe benefits

All replies should include a detailed resumé and compensation history.

*Reply in confidence to: Box A8830, Financial Times*
*10 Cannon Street, London EC4P 4BY*

# Accountancy Appointments

SPECTROS INTERNATIONAL PLC

## Group Financial Director

**Manchester** — **Excellent Package**

Substantial institutional backing enabled Spectros International PLC to be formed during November 1984. The group consists of established, successful companies with growth potential and a projected turnover for the current financial year of approximately £25m. The management has a proven track record and subsidiaries operate internationally in the high-technology Analytical Instrumentation sector. Flotation is a possibility in due course.

This key appointment will complete an executive board of four people, reinforced by several non-executive directors.

We invite applications from qualified accountants with a record of achievement at a senior level in an international environment, specifically embracing the USA. Experience with a high-technology capital goods manufacturer, of international treasury management and of dealing with the Stock Market are all desirable. In return the group offers an outstanding package; the salary is unlikely to prove a problem for the right candidate and benefits include attractive share options.

*Please write in confidence, enclosing career details and quoting reference 5584/L, to N.P. Halsey, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria St., Blackfriars, London EC4V 3PD.*

PEAT MARWICK

BRITISH MIDLAND AIRWAYS GROUP

## Group Financial Director

**East Midlands** — **£35,000-£40,000**

The British Midland Airways Group, which includes controlling interests in Loganair and Manx Airlines, is a substantial, privately-owned organisation based in Castle Donington, Leicestershire. Group turnover is in the region of £100m.

We invite applications for the position of Group Financial Director. The appointee will be fully responsible for financial and accounting matters within the group and for the further development of sophisticated information and control systems. Relationships with external advisors and financial institutions will be an important feature of the role.

The company is likely to appoint a qualified accountant, aged 35-45, with a record of sustained progression and achievement in a high volume industry providing a range of consumer services or products. A competitive remuneration package will include assistance with relocation if appropriate.

*Please write in confidence, enclosing career details and quoting reference 6343/L, to N.P. Halsey, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria St., Blackfriars, London EC4V 3PD.*

PEAT MARWICK

## CHARTERED ACCOUNTANT

AS

PERSONAL ASSISTANT

TO

CHIEF EXECUTIVE OF REINSURANCE MANAGEMENT COMPANY

*(SUBSIDIARY OF MAJOR FINANCIAL INSTITUTION)*

**£15,000 + Profit Related Bonus**

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## Record Review/Andrew Clements

# Compact discs revisited

In the spring of '983 I wrote here about the advent of the compact disc, sampling some of the discs released during the launch of the system on to the British domestic market, and trying to predict its immediate future. Twenty months on, it seems at last as if CD is beginning to takeoff in a big way, though gathering momentum more slowly than seemed likely at the outset.

The burgeoning popularity of the system seems to be due largely to two things. The first compact-disc players put on sale retailed for around £500; now it is possible to buy a perfectly adequate machine for under £300, and even cheaper models are promised soon. And while the range of music available continues to be limited, it is far wider now than in the initial crop of releases. Only the Polygram labels — Deutsche Grammophon, Philips and Decca—were involved in the first wave; now EMI and CBS are producing significant numbers of discs, together with a number of smaller, British and European companies. The prospects for achieving a very wide CD repertory relatively quickly seem excellent.

Obviously it was to be expected that popular works would be available before the more obscure, and that still holds true to an extent. But some current releases are bold and tenterrising. The initial lack of complete opera recordings has been remedied most emphatically, with simultaneous releases for the majority of operat recordings from the major companies; Decca even promises compact discs of its now *Moses und Aron* under Solti very soon.

Decca has also been refurbishing its Solti *Ring*, some of it dating back to the early days of LP. Having heard *Das Rheingold* (414 101-2, three discs), the compact-disc form seems astonishingly up-to-date in its sound quality; a little hard at the biggest climaxes perhaps, but otherwise marvellously lucid. There is necessarily some residual tape hiss, but that has been reduced to a minimum. While I continue to prefer the Janowski *Ring* on Eurodisc (also available on CDs), those who have lived with the Decca cycle for more than 20 years will find the new format even more theatrically involving.

Not to be outdone, Philips has begun the same process of reissuing the *Ring* it recorded at Bayreuth in 1966 and 1967, conducted by Karl Böhm. The cast for *Walküre* which I have heard (412 478-2, four discs) is a fine one, led by Birgit Nilsson's solid, dependable Brunnhilde and Theo Adam's Wotan, and characterised by Bähm's brisk, un-monumental aproach. Here, though, it seems to me the clarity of the compact disc is a more doubtful advantage, as every footstep and movement on stage is clearly audible; some may find that more nivolving, others a distraction.

The technical benefits of an opera recorded in the studio and using digital hardware throughout the process are demonstrated by the Giulini *Il trovatore* (Deutsche Grammo- 413 355-2, three discs). Max Loppert reviewed the LP set here at length six weeks ago, mingling praise with misgivings over aspects of the casting. While the even closer scrutiny to which CD subjects the orchestra finds a few blemishes among the St Cecilia players, the rest is pure again—in the physical presence of the best of the singing and the precise dramatic perspective of the performance, as well as in the characteristic immediacy which compact disc appears to lend to almost everything it produces.

The main thrust of releases, however, remains orchestral music. The first flush of *Zarathustras*, *1812s* and *Water Musics* has passed and the companies are expanding into more interesting areas. Two instalments of Bernard Haitink's *Thostakovich* cycle for Decca have appeared, emerging yet more powerfully wrought and playing of the Concertegbouw impressive than before; the Orchestra in the *Eighth (411 616-2)* stands up to the closest inspection, making great dramatic use of the increased dynamic range of the compact disc and the added crispnes of attack.

*Mahler* is most generously represented. Tennsted's Fourth (EMI CDC 7 47024 2) is sweet-toned, admirably proportioned, with a radiant soprano soloist in Lucia Popp; Abbado's Third with the Vienna Philharmonic (DG 410 715-2, two discs) was already one of the finest versions available and remains so, with Jessye Norman's contributions to hte fourth and fifth movements perfectly captured, while Haitink's Seventh (Philips 410 398-2) remains a slightly problematic account of a problematic score.

Most revealing of all orchestral compact discs is Von Karajan's account of Mahler's ninth symphony DG 410 726-2); not a reissue of the performance familiar from LP, but a recording of a concert at the 1982 Berlin Festival only available on CD and at once more perfectly moulded, impassioned and superlatively played than any performance of the Ninth I have ever heard. If I could just choose one disc to demonstrate the efficacy of the new system it would be this; the audience is astonishingly silent throughout. Decca's atemptt o revive its historic account of *Das Lied von der Erde* with Bruno Walter and Ferrier (414 194-2) is less convincing; for all the brighter colours and sharper focus in the remastered form, there is a slight acidityt o the tone which a less analytical system obligingly suppresses.

There remains large holes in the orchestral coverage, however though nothing like the gaps still to be found among chamber and instrumental repertory. Chamber music is particularly badly served. The Fitzwilliam Quartet's account of *Beethoven's* Op. 132 (Decca 411 643-2), a fine-grained account never quite scaling the heights it promises, is a notable exception, as is the Alban Berg Quartet's version of the *Schubert* C major Quintet (EMI CDC 7 47018 2) that seems as satisfying as any recent recording of the work, and here given added subtlety of shading and expression. Versions of the Trout Quintet are perhaps predictable :that by Gilels and the Amadeus quartet (DG 413 453-2) is perceptive, sometimes surprisingly astringent, and most happily co-ordinated.

Major pianists now seem to be more routinely released. Philips has evidently decided to makes the whole of Mitsuko Uchida's Mozart sonata cycle available on CD: the second instalment, coupling the C major sonata K545 with the F major sonata K533 and the A minor Rondo (412-122-2), seems not quite so perfectly poised as its predecessor, but nevertheless remains highly distinguished playing, full of colour and supple phrasing. Thanks too to Deutsche Grammophon for making available in this form what is probably my favourite record of the year, Martha Argerich's coupling of Schumann's *Kreisleriana* and *Kinderszenen* (410 653-2); it's almost worth the price of a CD player alone to hear with fresh ears the range of Argeich's tonal palette, her sheer technical control and most exquisite sense of Schumann rubato.

Outside these mainstreams coverage becomes yet more unpredictable but no less interestings I hope to cover some choral and early-music releases in the new years. In the meantime, for anyone contemplating buying themselves a CD player as an indulgent Christmas present, I can see no reason for hesitating any longer, save for the price of the discs themselves; they remain too high (the cheapest seem to be £8.99) for anyone planning a radical coversion to the new medium. It is not time yet to jettison all one's LPs.

Celena Duncan (left) and Elaine Delmar in The Wiz at the Lyric, Hammersmith

## The Wiz/Lyric, Hammersmith

### Michael Coveney

The all black *Wizard of Oz* is this year's eccentric diversion at the Lyric, Hammersmith, and whatever one's sentimental attachment to the great 1938 film and the score by Harold Arlen and Yip Harburg, there is no denying the musicianly impact of the 1975 Broadway version by William F. Brown and Charlie Smalls.

It is a right-on, "get on down," hot gospelling musical bonanza that charts the tale of Dorothy and her three fellow hitchhikers on the yellow brick road to Oz with panache and style, Dorothy leaving the cotton-picking folks back home for the zoot suits and *Shaft*-style underworld of life in the Emerald City, here re-christened the Big Green Apple.

Dorothy never gets home to Kansas, suspended in space with a big number about finding yourself and some such Buddhist claptrap—which is nothing new from the old *Wizard of Oz* right through to Lon Satton giving the philosophical goods to Ray Shell in *Starlight Express*.

Peter James's production, his first musical since *Blondel*, does not really convince me that he is working in the right sphere, but he has had the very good sense to employ David Firman as his musical director and to employ just about every good black singer in London with the notable exception of Peter Straker who would have clinched the deal as the Wiz. No disrespect to Erick Ray Evans, who sings superbly, but what is needed here is a star performance in a star role, not mere top class competence.

The band sounds absolutely terrific, with a pounding bass and well-balanced percussion section striking off against trumpets and piccolos, flugels and saxes. The second act dicked witch in a pink tutu is Earlene Bentley, Aunt Em is the happily restored Elaine Delmar, and Dorothy is the remarkably talented Celena Duncan. All of these artists can really sing. The trouble, in a way, is that their songs are so unmemorable. The straw man is the redoubtable Clarke Peters, the lion none other than the former lead singer with the Foundations, Clem Curtis: he plays with minimal acting technikue, as a Rastafarian American footballer, but compensates with a natural charm.

Roger Glossop's set is a flexible scaffold arrangement, designed to encompass the green laser light show of Oz and the wizard's helio-copter on which he makes one of several splendid exits. I suppose the best thing of all is that no-one sings "Somewhere Over the Rainbow" or imitates Judy Garland. This show may not be for the kids; it is certainly ofr aficionados of good singing and a net band.

# Meagre substance for the season

## Frank Lipsius does the rounds of Broadway Christmas fare

Musical revivals and slim comedy make meagre sustenance for holidaymakers looking for something new in New York theatre. Linda Ronstadt brightens the season, not on Broadway, but at the Public Theatre in a miniature, picture-postcard production of *La Bohème*. Just as the New York City Opera has taken to making opera of Stephen Sondheim's *Sweeney Todd*, so the Public has transformed Pucini into a musical with the full score done by 12 instruments. The 350-seat house is quite sufficient for Miss Ronstadt's rather timid and certainly pitiful Mimi, who looks more likely to die of nerves than consumption. Spotty miking also does its damage to give Miss Ronstadt an ethereal but tinny sound that seems smaller than her doleful eyes.

Wilford Leach's direction has the great virtue of matching the intimacy of the space with young actors who embody the hearty hopefulness of penniless students. Bob Shaw's modest but evocative sets revolve into interiors and exteriors of cobble-stoned charm.

Doing only three performances a week, Miss Ronstadt is ushered with a hesitant and innocent David Carroll as Rodolpho. Patti Cohenour makes a less glamourous but more animated Mimi and a better couple with country music artist Gary Morris as a vigorous take-charge Rodolpho.

Among the permanent cast are Cass Morgan's Musette as a funny and determined charmer with a booming voice that upstages Miss Ronstadt's. *Howard McGillin makes a handsome Marcel and Keith David is a chummy, supportive Colline while Merwin Goldsmith gives Alcindoro as much dignity as can be squeezed from Musette's callous use of him to bait Marcel.*

If David Spencer's contemporary translation at times jars with anachronisms, it comports with the production's overall informality and clever adaptability. The virtue of this necessity is visible with the orchestra on view in the balcony above the stage, leaving the aisles for chorus entrances.

Stephen Sondheim's *Pacific Overtures* remains an inert experimental work, integrating alien Japanese theatre into an American musical setting. Fran Soeder's direction of the revival at the Promenade has a certain canny mixing of genres that may reflect the story of Commodore Perry's opening of Japan but does not improve the show's fate to be equally strange to Japanese and American sensibilities.

*Haarlem Nocturne* is cabaret parading as theatre, especially with Andre DeShield's hip-swining night-club act. He sings and dances with a backup group that goes off into its own ten-minute medley of 1960s girl-*group songs. A highpoint of the evening in the refurbished velvet-draped Latin Quarter is the emotional rendition of Jimmy Ruffin's What Becomes of the Broken Hearted*, a rock 'n roll classic.

Christmas would have been brighter had a brilliant production of Dario Fo's *Accidental Death of an Anarchist* not closed at the Belasco after 20 performances. Confirming playwright George S. Kaufman's dictum, "Satire is something that closes Saturday night," the Arena Stage's Americanised version of the play maintains the Fo spirit despite the anarchist politics of the original's transformation into a broadside against American politicians.

Though eliminating the sense of danger in the tarachist's infiltration into police headquarters, Richard Nelson's adaptation gives full rein to all the antics Jonathan Pryce can conjure, from parody of Reagan to imitations of Groucho Marx, Phil Silvers and Marty Feldman. Like Fo's original, the London production was an ensemble Arena Stage version brought to work, while the Washington Arena Stage version brought to Broadway b Alexander Cohen is more like a one-man show. From the moment he walks out *on stage with two shopping bags* of props, Pryce takes charge and never lets go. He even changes the set to upstairs in the police building by cranking the screen that lowers the horizon of Karl Eigsti's clever backdrop. With Patti Lupone's entrance as journalist in the secon dact, Pryce gets farcical with slapstick.

Despite the lapses, *Accidental Death* had real biting humour to it, compared with the predictable and amiable play *The Foreigner*, which fails to penetrate beneath its slick plastic exterior. Set in rural Georgia, *it brings to the Astor Place an "improbable crew of* diverse sorts who think that one of them does not speak English. So endearing and expressive is Anthony Heald as the Englishman taken for a foreigners that he carries the long passages in the script given to predictable English lessons and mix-ups.

An attractive engaged couple propel the plot forward as the foreigner hears what a heel the prospective bridegroom is, despite his being a Georgia fundamentalist preacher. But instead of just a good English farce, which author Larry Shue starts with and reflects in his own role as a *British Army* officer, the play starts moralising and loses the fun. Director Jerry Zaks asembles a talented cast, especially Kevin Geer as a slightly reterded heir and Kathleen Claypool ast he proprietress of this zany, though only intermittently interesting, menage.

## Daniel Adni/Wigmore Hall

### Andrew Clements

Many pianists have a favourite work for easing themselves into demanding recitals. Michelangeli uses the Bach/Busoni Chaconne, and Daniel Adni seems to be fond of the Mendelssohn *Songs without Words*. He opened his Wigmore Hall recital on Tuesday night with the Op 30 book of *Songs*, plain, unaffected accounts—all Mr Adni's playing is pleasantly free of affection—a mite sparing in their range of colour, though an effectively veiled *mezza voce* was employed for the final *Gondellied*.

Those well-shaped miniatures settled more comfortably upon his temperament than Brahms' F sharp minor sonata Op. 2. More forceful projection of the first movement, coupled with stronger octave passage-work, would have complemented some nicely judged transitions, and the finale needs a much firmer hand to keep its episodic elements all of a piece. But the Andante preserved its left- and right-hand strands with delicate poise and the scherzo was deftly sprung.

A second half of Liszt — the Two Legends and the six Paganini Studies—produced playing of more involvement and surface excitement but considerably less poise. The Legends were eloquently shaped, their climaxes clearly plotted; but even here Mr Adni seemed happier in the impressionist "St Francis preaching to the Birds" than in the later, more strenuous technical demands. In the Studies that was even more obvious, though each was attacked with great vitality; the technical finish was simply too

## French Impressions/St John's

### Dominic Gill

The third of Lontano's four programmes at St John's, Smith Square, which go under the collective title of "French Impressions," was a good-humoured, lightweight affair. The high points were by Milhaud (*La Création du monde*), Poulenc and Ibert. The standard of performance under Odaline de la Martinez was high: Lontano had brought together an excellent group of winds for Poulenc's Sextet for piano and wind (all good, but notable for the sinuous oboe playing of Stella Dickinson, as also later in Simon Bainbridge's little *Concertante in moto perpetuo*, a London Sinfonietta commission of 1979).

The soloist in Ibert's saxophone concerto was Jhon Harle —who gave an exquisite account, featherlight, featherwarm (Mr Harle is still the only saxophonist I know who can achieve a sonority in his lowest registers identically as soft and round as a Frenchh orn). There were also two recent French works by Jean-Pierre Guézec and André Bon: Guézec's *Formes Couleurs* especially was a prototype of elegant postwar French not-spinning—and it has appeared, I should guess, about 300 times in the last 30 years, in various instrdumental guises, and under different names.

## The Winter's Tale/Spitalfields

### Martin Hoyle

Any dramatic presentation that wilfully risks the audience's concentration with cold, discomfort, erratic acoustics and sporadic loss of vision seems to have lost sight of elementary theatrical tenets. By which you will gather that someone is having another bash at that footling and fashionable tomfoolery known as Promenade Performance.

The Royal Shakespeare Company's "little" tour, that includes Arthur Miller's *The Crucible*, enthusiastically reviewed by Michael Coveney in Lincoln, has reached Jack the Ripper country: Hawksmoor's lovely Christ Church in Commercial Road to be precise. Embarrassments are endemic to the form:

In the rustic scenes mummery is unconfined, with flowered hats (this is a modern-dress production), a phallic dance clobbering the message home, and Jeremy Sam's not quite tuneful tunes with their saucy dash of pop, as watered down as the Ribena offered to those spectators who look unlikely to respond with violence. Elsewhere Adrian Noble's production relies quite effectively on such clichés as billowing sheets (for the sea) and strobe lighting (for the bear).

Beneath the village hall theatrics there are some performances that I would like to see in conditions that enable me to *hear all* the words, see all the players all the time, and savour the development and interplay of character. Lynn Farleigh would be a moving, warm and dignified Hermione anywhere. I was unable to see her for much of her defensive speech, some of which was electronically amplified—about as immediate as listening to a decent radio production at home, give or take the odd stick of furniture. Alun Armstrong's Leontes has a craggy, raw-edged emotional directness despite some curiously wayward vowels. And for once Polixenes has an emotional weakness that counters Leontes: Julian Curry's frightening rage at the unsuitable Perdita-Florizel match balances Leontes' jealousy and adds to what too often seems mere unlikeably snobbery.

Refreshingly untiresome shepherds (Trevor Martin, Ian Talbot) and a romantically impassioned Florizel from John Dougall countered an energetic but charmless Perdita (Jenifer Landor) and David Bradley's Camillo who broke up his lines so as to make you wonder if he would. End. Them. As a *forthright* and *good-hearted* Paulina, Janet Dale reminded us of her presence in *Nicholas Nickleby* when the RSC could involve an audience without subjecting it to discomfort.

## Saleroom

Sotheby's Old Master sale yesterday was one of their best ever with a total of £3,749,570 and just 5.2 per cent unsold. A record price for a Peter Brueghel the Younger of £660,000 was aid for *A wedding feast*, his copy of one of the best known works of his father.

A Canaletto view of Rome sold for £407,000 and a small Rubens sketch of The Last Supper, £374,000. A portrait of Burkat Shudi, the harpsichord layer, and his family by an unknown Italian artist, of around 1742, went for £165,000 to the National Portrait Gallery.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Dec 7–13

## Exhibitions

### WASHINGTON

**National Gallery:** Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations, includes Dürer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

**Hirshhorn:** The entire third floor of the gallery will be filled with 157 works of painting, sculpture, constructions and installations done in the past decade by 147 artists in celebration of the museum's 10th anniversary. Ends Jan 6.

### NEW YORK

**Metropolitan Museum of Art:** Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

**Museum of Modern Art:** Primitivism in 20th Century Art has much good modern work by Picasso, Max Ernst, Brancusi among many others as well as striking tribal objects from Asia, Africa and North America, but the theme itself seems meant to fill space more than provide a better understanding of the primitives or the moderns. Ends Jan 15

**Van Gogh in Arles (Metropolitan):** The first important exhibit to catalogue the annus mirabilis in 1888–89 when Van Gogh was inspired by the South of France is covered in 148 works, including paintings, drawings and letters. Special ticketing with specified entry times reflects anticipated ticketing with specified entry times reflects anticipated crowds of up to half a million. Ends Dec 30 (570 3970).

### VIENNA

**Medieval Art from Serbian Monasteries:** This exhibition from Yugoslavia of religious art from Serbian Medieval Monasteries covers the period from the 10th to 17th centuries and includes some intricately worked silver book covers, chalices and incense burners. Gilded icons are also of interest, showing a surprisingly modern angular technique in depicting garments. Other exhibits include illuminated manuscripts and copirs of frescoes, and all show a fascinating intermingling of eastern and western artistic influences. Museum of Mankind. Ends Jan 20.

### BRUSSELS

**Museo del Oro de Bogota,** Colombian Gold Artifacts. Bellevue Museum. Ends Jan 20.

### WEST GERMANY

**Cologne,** Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art – some of which is more than 5,000 years old. It includes extremely thin-walled storage jars with scratch patterns, bronze and stone weapons, glazed vessels, woodcut prints, gold sheeting and gold ornaments, pearls, green jade and glass, a sepulchral crown, bronze figures and tombstone reliefs. Ends Jan 13.

**Cologne,** Römisch-Germanisches Museum: 'The Treasures of San Marco' has arrived. Forty-three pieces representing the best of antique, Islamic, Byzantine and occidental art from the world's biggest church treasure. Ends Jan 27.

**Cologne,** Kunstverein, 1 Josef-Haubrich-Hof: Works by Helmut Dorner, Lutz Fritsch, Clemens Kaletsch, Axel Lieber, Mechtild Nemeczek, Peter Telljohann and Claude Wall. Ends Jan 6.

**Cologne,** Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art, some of which is more than 5,000 years old. It includes storage jars, bronze and stone weapons, gold sheeting and ornaments, pearls, jade and glass, bronze figures and tombstones reliefs. Ends Jan 13.

**Mannhei:** Städtische Kunsthalle, 9 Moltkestrasse: a retrospective of Robert Häuser with 150 black and white photographs from between 1941 and 1984. Ends Jan 6.

### PARIS

**Le Douanier Rousseau:** Extraordinary tropical vegetation with exotic flowers, gently poetic images of Paris and its surroundings, dignified portraits of himself and his friends fill Douanier Rousseau's canvases. Self-taught, appreciated by Apollinaire yet cruelly mocked by others, he found an escape from the daily humdrum existence in the dream world of his paintings. Grand Palais, 10am-8pm, Wed till 10pm, closed Tue. Ends Jan 7. (260.39.26).

**The influence of French and Italian** schools and fidelity to their national inspiration, the fascination with reality and romantic idealism, produced two contradictory tendencies in German painting in the second half of the 19th century. On the one hand, Arnold Böcklin, the symbolist, continues to mediate and dream of poetry and mytology. On the other hand the violence of colours of the New Realists announces 20th-Century Expressionism. Petit Palais, closed Mon, Ends Jan 13 (265.12.73).

**Kandinsky:** 70 paintings, many on loan from the U.S., Germany and Holland, are complemented by Nina Kandinsky's legacy of 700 drawings and sketches, by his correspondence, his library and his own collection. The vast retrospective, the most important in Paris since 1963, retraces the different stages in his creation: Munich, the Bauhaus and finally Paris. Centre Georges Pompidou, closed Tuesdays. Ends Jan 28. (277 1233).

**Degas:** His portrait of Diego Martelli and his astonishing Bureau des Cotons, with his Carnet 18 to be seen for the first and last time page by page, form the highlights of a vast exhibition of the master's sculptures, paintings, lithographs. Centre Culturel du Marais, 20-28 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends Jan 27.

### LONDON

**The Hayward Gallery:** The Drawings and Sculpture of Matisse. The Arts Council has brought together two major exhibitions, each of which deals with a major aspect of Matisse's work. But though both are to got on elsewhere, they are not to do so as one; which makes their London showing an opportunity not to be missed. The entire sculptural *œuvre* is shown, 69 bronzes in all (it goes on to Leeds in the New Year), for the first time in this country; and the selection of drawings represents the largest retrospective study ever to be seen in London or New York (it goes to the Museum of Modern Art in the spring) of this fundamental preoccupation. It is a delightful, at times surprising and always an enlightening conjunction, most useful for the insight into the relation between his sculpture and drawing in the earliest years of the century, the crucial period of his first maturity. The clear hint is that if the painting of Matisse was qualified and informed by the drawing, so, in that very first period at least, it was the sculpture that gave the drawing its radical freedom and simplicity. Ends Jan 6.

**The Royal Academy:** Modern Masters from the Thyssen-Bornemisza Collection – a remarkable run through the history of western painting in the past 100 years or so. It reflects, as it must, the collector's taste and prejudices, But these are tempered by an admirable catholicity of interest, which can accomodate quite happily impressionism with surrealism abstract expressionism with constructivism, realism with cubism. We begin with Corot and Degas and end with Bacon, Freud and Giacometti, with Pollock, Picasso, Mondriano, Beckmann, and so many others in between. Ends Dec 19.

**The Tate Gallery:** George Stubbs – the critical rehabilitation of our greatest horse painter continues with this magnificent exhibition, which clearly proposes him not only as our pre-eminent artist of the 18th century but as second only to Turner. The fact that we still designate him Horse Painter is at the root of the problem, for his popularity on that count, and his inclination to specialise, have long conspired to disguise the fact that a painter of horses may as well be a great artist as a painter of landscapes, or people for that matter. Ends Jan 6.

### ITALY

**Venice:** Palazzo Ducale: The Treasures of the Pharaohs – a rich and fascinating exhibition of more than 60 works (lent by the Cairo Museum) – covering over 3000 years, and containing an enormous variety of objects from mundane things such as combs and cooking pots to the contents of Tutankhamun's tomb. Until End of December.

**Venice:** Museo Correr, Drawings by Gian Antonio and Francesco Guardi, a delightful exhibition of 250 drawings by the brothers, including, among the subjects, the famous views of the city by Francesco. (Closed Tue). Ends Jan 31.

**Rome,** Braccio di Carlo Magno. Raphael in the Vatican: the last in a series of exhibitions which have been held in Paris, Rome, Florence and Urbino, marking the 5th centenary of the painter's birth. The exhibition contains material from the secret archives. The Vatican Library and the Papal apartments, and is a wonderful chance to see objects not usually on public view, and the details of inaccessible frescoes. Until Jan 16.

**Milan:** Galleria Gastaldelli, Via Lanza 6. Drawings, watercolours and oils by Renato Guttuso. Until Dec 30.

**Naples:** Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Until 14/4.

### TOKYO

**Contemporary Japanese Art,** the annual exhibition known as the Nitten (the largest in Japan) of contemporary art over the last two decades, includes works by Japan's new generation of artists. Tokyo Metropolitan Art Museum, Ueno Park (close to the National Museum). A visit provides both an interesting art experience and the opportunity to sample a Tokyo autumn in one of the city's largest parks. Enjoy lunch in the open between exhibitions, view the autumn leaves and observe Tokyo families at play. Ends Dec 16.

### NETHERLANDS

**Amsterdam,** Allard Pierson Museum: Similar But Different, an exhibition marking the archaeological museum's 50th anniversary, is devoted to daily life in Egypt, from 3500 BC to 800 AD. Not grandeur, then, but domesticity, as the visitor is led through a series of small rooms (one a re-creation of an Egyptian interior) displaying everyday objects, delicate faience work, jewellery and religious artefacts. Richly illustrated catalogue. Ends Jan 1985. Concurrently, on the top floor, a remarkable display of the earliest photographs (1839-1860) of the monuments lining the Nile.

**Amsterdam,** Willet-Holthuysen Museum (Herengracht 605). Amsterdam silver 1520-1820 is an exhibition of 250 items and groups displaying the mastery of Amsterdam silversmiths over three centuries. The show, which focuses on church, guild and table silver, includes a magnificent monstrance of 1517, ornamented drinking horns and finely wrought chains of office used by the civic militia companies, and four salt cellars from 1639-1643 by the celebrated silversmith Johannes Lutma. Ends Jan 13, closed Mon).

**Amsterdam,** Rembrandthuis (Jodenbreestraat 6). Rembrandt as teacher. The intimate atmosphere of the house where Rembrandt lived and worked from 1639 to 1660 provides the setting for an exhibition of 75 drawings and etchings illustrating Rembrandt's teaching methods and the degree of influence he had over the future careers of his pupils, who included Ferdinand Bol, Gerard Dou, Govert Flinck and Nicolaes Maes. The show includes drawings with forceful corrections in the master's hand, finished compositions based directly on works by Rembrandt, and revealing instances of borrowings and outright plagiarism. An excellent, fully illustrated catalogue in Dutch and English guides the visitor behind the scenes of 17th-century studio theory and practice. (Ends Jan 6).

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# Next steps in the Falklands

IT IS not clear whether Argentina or Britain has a better historical claim to the Falkland Islands, but it is clear that there can be no swift settlement of the dispute about that claim. It is also clear that Britain must some day come to an agreement with Argentina about the territory. Such are the findings of the Foreign Affairs Committee of the House of Commons, whose report on the Falklands was published yesterday.

The Committee advocates a new and more outgoing attitude by Britain to Argentina until the time becomes ripe for bilateral talks about the future of the territory and the wounds of war heal over.

Britain should, for example, say publicly that it will not fortify the islands any further and that it intends to take the first opportunity of running down its garrison in the South Atlantic. The Protection Zone—formerly known as the Total Exclusion Zone — round the Falklands should be scrapped as soon as the authorities in Argentina formally declare an end to hostilities.

The Committee's report is sober and realistic. It contributes to a muchneeded clarification of the issues in what will be a continuing debate about the future of the 1,800 Falklanders.

### Obvious

It is obvious that while Mrs Margaret Thatcher remains Prime Minister, the British Government will continue to baulk at any discussion with Argentina over the sovereignty of the islands. She has made it clear that she did not order the recapture of the Falklands in 1982 in order to start turning them over to the Argentines a few years later.

The suggestions from the Foreign Affairs Committee start from the premise that an accommodation between Britain and Argentina is not only inevitable but desirable. The British treasury cannot go on indefinitely pouring billions of pounds into the defence of a community the size of a small English village. Nor will the economic and political prospects for the islanders themselves brighten if they refuse to acknowledge the existence of their large continental neighbour. As the Committee states, it is high time British politicians and the British public came to terms with those facts.

### Recognised

The Committee recognises that such is the present understandable distrust of the Argentines by the Falklanders that the idea of a leaseback is not possible. No Falklander would be happy with a situation in which sovereignty over the islands was passed to Argentina in return for a period of continuing British administration.

The MP's stop short of throwing the leaseback solution away entirely. "The passage of time," they comment, "may well make possible a reopening of discussions along these lines."

The Committee's views about the long-term future of the Falklands with some useful and at times pungent comments on the need for political and economic reforms in the short term. The Overseas Development Administration was, for instance, sluggish in getting the Falkland Islands Development Corporation going; there must be more land reform and the constitution must be brought up to date.

The question of sovereignty over the Falklands cannot for ever be ruled out of discussions between Britain and Argentina—just as the questions of the future of Hong Kong and Gibraltar have been discussed on a realistic basis with China and Spain, respectively.

The committee's report strengthens the argument for a more flexible position on the part of the British Government. In spite of the failure of the Berne talks earlier this year, a sensible dialogue must be resumed: a change of gear on the British side is needed soon.

# Cutting costs in Whitehall

THE REPORT on Government Purchasing by Whitehall's own Management and Personnel Office estimates that the civil service could readily cut the cost of the £7.5bn worth of goods and services it buys each year by £400m. The authors of the report add that greater efficiency in Whitehall's purchasing methods could lead to substantially bigger savings—possibly as much as £1.5bn.

So far so good. But while the report itself is to be welcomed, there must be some concern as to whether government departments will actually achieve worthwhile savings. Whitehall's record on increasing purchasing efficiency is a poor one—and previous attempts to bring about reform have not been blessed with any great success. The last nitiative on public purchasing was made as recently as 1980. The degree to which that failed can be judged by the fact that some of the steps which were meant to be taken then have had to be recommended all over again in this latest report.

### Standards

The new report, for example, talks of the importance of making greater use of internationally accepted standards and of performance specifications that encourage innovation and competition among suppliers. It also refers to the need to tell unsuccessful tenderers why their bids failed, so they have a chance to do better next time. These are all key points for UK manufacturing and service industries hoping to win a small piece of the huge market provided by government. And they are all points that have been raised before.

This time around government departments really should take strenuous action to improve their buying methods. The report makes a number of sensible recommendations on this front. These include the setting up of a small co-ordinating unit to be headed by someone from outside Whitehall, better training for civil service buyers, bonus payments for those who do well, reviews of approved lists of suppliers, the setting of performance targets, and a secondment programme that will enable the public and private sectors to "swap" buying staff.

### Disapproval

The report also makes considerable use of what might be described as the present Government's ultimate weapon: the threat of Mrs Thatcher's disapproval. It calls for the new central co-ordinating and monitoring unit to report to the Prime Minister on the success of government departments in achieving savings targets on their purchases. The effectiveness of a sharp kick from the Prime Ministerial toe should not be underestimated. Above all, a cultural change is required within Whitehall itself. And the lead must be set not just by ministers but by senior civil servants themselves.

Attitudes cannot be changed overnight. But perhaps Whitehall's own suppliers could play a part in ensuring that steady progress is made so that public purchasers do not take one step forward and two steps back. The authors of this week's report visited some half dozen major companies — including Marks and Spencer and IBM—in the course of their work and also received written replies to questionaires from 68 supplying companies in the private sector.

### Different

Many of these suppliers were critical of the complexity and sheer volume of the documentation they had to deal with when selling to government. And they pointed to the high administrative costs incurred by both sides as a result. A majority of respondents—62 per cent—also said they found Whitehall's purchasing procedures significantly different from those of other customers.

Some kind of permanent mechanism to enable suppliers to voice their grievances and comments might be helpful to government officials and to manufacturing and service companies. The proposed central purchasing unit — which will have the task of monitoring improvements in government buying among its other jobs—could possibly act as a complaints and suggestions box. Continuing feedback from the companies that supply government could help to ensure that this latest initiative on public purchasing does not go the way of its predecessors.

NORWAY'S CAPITAL SURPLUS

# The fear of being too rich

By Kevin Done, Nordic Correspondent

*"At the beginning of the century, we were the poorest country in Europe—including Ireland. And 150 years ago we were as poor as Bangladesh is today." — A Norwegian economist.*

TODAY NO other country in the industrialised world, except perhaps for Switzerland, generates as much wealth per person as Norway. And only Switzerland in the developed world can rival the scale of its gold and foreign exchange reserves (in relation to the national economy).

By next February the central government's net foreign debt will be reduced virtually to nil.

Thirteen years after its first oil began to flow from the North Sea, Norway is undergoing a second revolution. It is waking up to the realisation that the vast resources of crude oil and natural gas are finally beginning to create a second national resource: capital.

Financial markets are being liberalised, an array of foreign exchange controls are being lifted, and the Norwegian krone is becoming a sought-after international currency. Foreign banks are being allowed into the Norwegian market next year, and there is talk in Oslo of becoming a new international financial centre.

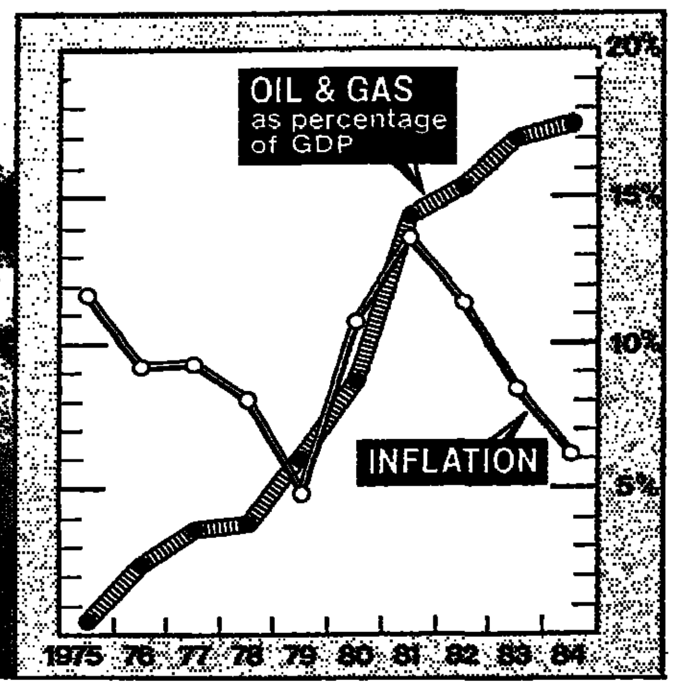
Norwegian banks are chafing at the bit. "It is surprising that the banks and other business sectors are only now being given signals that Norway's new resource, capital, shall be used actively," says Mr Tor Moursund, chief executive of Christiana Bank og Kreditkassen, the country's second largest commercial bank. "For several years, the banks have pointed out that it was urgent to start planning this activity."

"We have been walking forwards backwards. We have had our backs to the future," maintains Mr Tormod Andreassen, chief economist at Kreditkassen.

The Norwegian financial authorities, long familiar with the mechanisms for running heavily regulated local markets, are ambivalent about the sweeping changes. Fears of catching the "Dutch disease"—of generating both wealth and unemployment—are rife at both the Norwegian central bank and the Finance Ministry. They are concerned that sudden unfavourable developments in the oil markets could quickly change the surpluses into deficits again in both the current account and the state budget, and they are fighting to retain autonomy over domestic credit policy.

There is a keen awareness that the oil wealth could all too easily burn a hole in the national pocket, triggering an inflation that would ruin the competitiveness of Norway's traditional mainland industries, which are sorely needed to keep unemployment at bay.

In many ways, the oil and gas sector already dominates the Norwegian economy. It accounts for 18 per cent of GNP, around 30 per cent of all exports and 20 per cent of the state's income. But it provides only around 2 per cent of the jobs. "We cannot allow Norway to become a one product country, where it is just a producer of oil, and other industries are allowed to collapse," says Mr Lief Eide, assistant director for credit policy at Norges Bank, the Norwegian central bank.




A symbol of Norway's new wealth: the base of Statfjord C being towed to a deep water site

The dilemmas are already clearly apparent. Norway, with one of the strongest balance of payments in the industrialised world, has twice this year carried out small disguised devaluations—each time under the pretext of technical adjustments to the currency basket—in order to protect the international competitiveness of mainland industries.

## 'Pressure to use these funds domestically'

There is a reason for the professional pessimism of the authorities, who lay great emphasis on the risks and national oil markets. The financial planners in Oslo appear to believe that the less they admit to the growing capital surplus, the less the politicians will be inclined to spend it.

"There is a pressure to use these funds domestically," admits a senior Norges Bank official, "they want to build out the national railway network to the north, they want new houses for old-age pensioners and more schools. If we can get the reserves down we might be able to reduce these pressures."

Norway has been running a surplus on the current account of the balance of payments since 1980, but for the first time this year the surplus has begun to reach dramatic proportions at close to 6 per cent of gross domestic product. Earlier surpluses had already been reflected in a steady build-up of the country's gold and foreign exchange reserves, but this year the flow has become a flood.

The country's foreign reserves have swollen to more than NKr 80bn (£7.44bn), enough to cover around six months imports of goods and services. A cover of three months is considered adequate even by the world's most conservative central bankers.

Norway's net foreign debt has fallen from a level equivalent to 43.5 per cent of gross domestic product at the end of 1979 to a current level of some 18 per cent.

By next February net foreign debt will be virtually nil after being NKr 28.6bn early in 1980. It is a luxurious position that the chastened Finance Ministers of neighbouring Sweden and Denmark both burdened by a mountain of foreign debt can hardly imagine even in their wildest dreams.

Even the Norwegian Government has accepted that the capital surplus is now a fact. In the dry language of its recent budget statement it admits: "For the moment the official reserves are somewhat above the level needed for short-run liquidity purposes. It has thus been decided to contemplate placements, which are better suited when short-run liquidity considerations are less pressing, in order to ensure high returns on the reserves."

According to Mr Leif Terje Loddesol, chief executive of Den norske Credit bank (DnC), Norway's biggest commercial bank, the main questions to answer are who should be allowed to help in the placement of the billions of kroner of "excess reserves" currently managed by the central bank, and how the funds should be invested. "No one's thoughts are very elaborate yet," he admits.

So far the Government has accepted one important principle, namely that the Norwegian banks will also be considered as vehicles for placing part of the reserves "to the extent that they provide competitive terms."

Only last weekend it was announced that Norway's Central Bank will be allowed to place about NKr 3bn to NKr 4bn (£279m to £372m) on deposit with Norwegian banks — a reform expected to improve their international competitive position as well as providing them with a significant and steady supply of foreign exchange.

"It is about time," says Mr Løddesøl. "So far the Norwegian Government has placed its dollars partly with the big U.S. banks. They come to a Norwegian shipping group and say they want to lend it dollars. DnC also goes to the same shipping group to lend dollars, but we have to draw our funds from the international market, partly from those same U.S. banks.

"We could have been getting these dollars straight from the central bank. We are not asking for subsidies, but my argument is that the Government should place these funds on equal terms."

It is still early days, but a growing number of voices are being heard calling for Norway's capital surplus—however defined—to be used more actively to promote the country's economic development, rather than leaving it passively invested in short-term financial assets.

"It is a national task to use this money in a way that puts this country on the map," says Tor Moursund. "This small country has a unique opportunity to use these funds for widening its industrial base internationally. I have no recipe, but this is the main political problem."

Certainly in the current centre-right coalition Government in Oslo, there is little enthusiasm for any sort of state-directed investment fund to channel the capital surplus abroad in the manner of a Kuwait Investment Office, for example.

Guidelines are still to be drawn up, but the Norwegian Finance Ministry currently sees removing foreign exchange or credit market restrictions on foreign expansion of Norwegian businesses and financial institutions as its main task. The authorities want the initiative for expansion to come from the private sector.

## 'Like inheriting a rich uncle in America'

The rules for Norwegian companies holding foreign exchange abroad have been liberalised, and Norwegians will be allowed to buy foreign bonds within certain limits. Next year, for the first time, the Norwegian banks will be allowed to give loans abroad in Norwegian kroner up to a ceiling of NKr 5bn (including the oil sector).

One senior official in the Finance Ministry maintains that virtually all restrictions on Norwegian companies' freedom to invest and expand abroad have been removed. "The only bottlenecks are in the companies themselves, in their management capacities or in their financial position."

The banks and industry would like to see the Government channelling the country's excess liquidity into equity investments in some form, perhaps helping to finance a move downstream by Norwegian industry away from its dependence on basic industries and into its customers' markets.

The Government is reluctant, but the issue is being addressed. In the recent budget statement it is emphasised that regulations are being liberalised as part of the "drive to internainstitutions and Norwegian tionalise Norwegian financial firms."

The Government says that the criteria for projects abroad must be based solely on profitability. "The purpose of establishment abroad must be increased for safer income for the Norwegian parent company and thus for the Norwegian society. This is, from the point of view of the national economy, the only reason."

Howeve rpolicy turns on the development of the country's role as a capital exporter, it is clear that the foreign investor has woken up to the attractions of the Norwegian kroner

For a Government trying to encourage capital exports, not capital imports, the attention has hardly been welcome. Foreign investors have piled into Norwegian domestic bonds buying paper worth NKr 4-5bn since the summer compared with purchases of around NKr 100m a year earlier.

The authorities reacted to this unwanted capital inflow by issuing a ban earlier this month, but this has only served to make other instruments such as Euro-kroner bonds even more interesting. The Government is trying to control the development of this small and exclusive market, but the performance of the recent NKr 250m issue by Norsk Data shows the strength of demand. A two-tier market is growing up with Eurokroner interest rates about two percentage points below domestic rates.

Making the Norwegian krone more international is clearly perceived as a threat by the authorities in Oslo to their autonomy in directing monetary policy. Besides sucking in unwanted capital and exerting an upward pressure on the currency, relatively high domestic interest rates are seen as a current necessity to choke off the heavy demand for credit and help control inflation.

"We don't like the idea of the Norwegian krone becoming a Eurocurrency with flows back and fore," says Mr Leif Eide, "but it is probably unavoidable."

"It's like inheriting a rich uncle in America," says Torod Andreassen, "but we have to convince people that if we were to use all this wealth at once at home, it would be like operating a printing press. We can import goods and services but that just consumes the resource in cognac, Black Label or everyone running round in Jaguars

"How can we make a scheme that does not increase inflation and at the same time can benefit coming generations, something that it is not just passive investment, but that we can profit from so that there is something there after the oil age?" asks Tom Moursund. "If we fail then we would have been like the Spaniards and simply spent all our gold."

# Men and Matters

## Troubles brewing

Richard Magor's attempts to *buy out the minority* shareholders in Romai Tea Holdings, one of the few remaining specialist tea companies, have stirred up more trouble this week.

Magor appeared to have won over a group of dissidents by increasing the value of his offer from £7.50 to £11.25 a share. But just when the High Court was about to sanction the scheme of arrangement needed for the takeover, up popped John King.

A chartered accountant who, with his family, owns just 0.4 per cent of Romai, King objected to the plan in the High Court on Monday.

King feels that Magor's position—he is chairman of Romai and controls the private company through which he is bidding for the outstanding 49 per cent—carries with it a special duty to shareholders.

"Perhaps I'm very Victorian," King says, "but I believe a chairman should give a full and frank account of everything likely to affect his company's share price and should not split ha'pennies."

King wants more information on the profits of another company, Williamson Tea, which is a major source of Romai's earnings, and on the likely impact of fluctuations in the tea price on those profits.

Magor counters that he has already given all the profits information he can, and that calculating price fluctuations is a complicated business. "You can't please everybody," he says resignedly.

Magor's troubles may only be a storm in a tea-cup—even his increased offer value Romai at just £4.37m—but when the hearing resumes tomorrow, it will be the second time in a fortnight that a takeover dispute has spilled into court.

Reverberations of Curry's vain attempt to block Dixons' £248m bid in the High Court are still being felt in the City, which prefers to regulate these matters itself.

## Lost name

On Monday, central banking lost the long-serving Dr Fritz Leutwiler, who retired as president of the Bank of International Settlements. Now comes word that the Bank of Italy has lost the man with the most unusual name in that refined trade—Doctor Magnifico.

Dr Giovanni Magnifico, well known internationally for his expertise on gold and foreign exchange, has departed from the central bank's imposing edifice on Rome's Via Nazionale where he was director of monetary operations and a counsellor.

*None the less outspoken or* amusing after 30 years as a central banker, Magnifico has taken over as chairman of the Milan-based Banco Manusardi, an Italian version of Coutts which, he says, "has plenty of growth potential."

He is still keeping a hand in Government service, however, as international adviser to IMI, the state-owned finance corporation.

## Security note

The silvery holograms decorating the latest credit cards will soon begin to appear on dollar bills.

A jubilant American, waving a $10 bill bearing a hologram of the Federal Reserve seal, announced in London that he had a contract from the Bureau of Engraving and Printing—the U.S. Mint—to print 5m banknotes secured with his holograms.

It would take his company 18 months to get ready to print them in seven different denominations, and just two days to do it, claimed Terence Gallagher, vice-president and technical director of the American Banknote Company.


"Who's it in aid of tonight rate-capped councils or the —NUM, Price Waterhouse, BBC?"

If he gets it right, there's a much bigger contract riding on the demonstration, for five billion U.S. banknotes, a whole year's supply.

As with credit cards, the aim is to make the product more secure against counterfeiting. Britain's £1 note is high-security currency compared with the $1 bill, almost the same value yet "childishly simply to copy," Gallagher says.

Gallagher got enormous publicity for his hologram technology by printing 11.5m covers for the March 1984 National Geographic magazine, with a hologram of the American eagle.

The magazine plans to repeat it next October when readers will be regaled with a 3-D skull heralding an issue featuring anthropology.

Rivals, envious of well over 200m holograms he has made, claim they can copy them and so stick one one a counterfeit product. No one would be fooled, Gallagher claims confidently.

The counterfeit photo-copy would protrude from the surface and could easily be spotted. His holograms are an integral part of the document—card, banknote, passport—they are securing.

Even a hologram only a thousandth of an inch thick would prove very conspicuous when banknotes were stacked in large numbers. There would be a give-away bulge in the stack.

## Love or money

Irish financiers have for some time felt unloved. First Government levies on banks and insurance companies; and then attacks on banking profits at a time when they are writing off unprecedented amounts in bad debts.

It all means, according to Niall Crowley, chairman of Allied Irish Banks, that public perceptions of financial institutions are "somewhat askew"

Crowley is to be chairman of a new *Financial Services* Industry Association which is being set up under the auspices of the Confederation of Irish Industry to improve the industry's image.

The Association intends to lobby government and cope with the changes expected in the wake of deregulation in the London Stock Exchange.

But cynics believe it may have a bigger job first, sorting out the rivalries inside the industry itself—especially between the banks and building societies.

The societies are not subject to the levies and have tax advantages over the banks. Both are competing in the same sectors of the market and it is not clear whether the societies will wish to join hands with their rivals in the new association.

## Spirited away

From a Tennessee newspaper: "He was known to have sold over 100 gallons of illicit whisky, but despite intensive inquiries its origin remained a complete mystery."—Or a secret still?

***Observer***

ECONOMIC NOTEBOOK

# When the numbers look funny

By Samuel Brittan

"TOO BAD to be true," said one person. "When I saw the figure I hoped it was a misprint," said another. "We do not understand what is really happening to the UK money supply" was a third remark.

These are but a few of the comments heard on Tuesday afternoon from normally knowledgeable people in the City and Whitehall after the best-known measure of money supply, Sterling M3 (roughly notes and coins in circulation plus bank deposits) jumped in one month—November—by 2½ per cent even after seasonal adjustment.

The rise was sufficient to take the cumulative annualised rate of growth in the first nine months of the target year to 12½ per cent, ie above the official target range of 6 per cent to 10 per cent. Other wider measures of liquid assets showed even faster rates of growth over the period.

November money supply was described by the Bank of England as "erratically high." The build-up of deposits in connection with the British Telecom sale had something to do with it, but no one is sure quite how much; nor can anyone entirely explain the bulge in public sector borrowing in November which inflated the "credit counterparts."

Thus once again the Government and Bank (I refuse to call them "the authorities") are having to explain away another breach of monetary targets. Of course, critics cannot logically attack the Government both for excessive monetary growth and for not doing enough to stimulate the economy or for being obsessed with bringing inflation down.

But no "logically cannot" ever deterred an Opposition or backbench politician. When we went through an analogous episode in 1980-81—when the monetary numbers were going through the roof, but the economy was going down rather than up—the response of the more articulate "Wets" was simply to say: we are going through all these sacrifices for the sake of monetary targets which the High Priests cannot even get right when it comes to the point.

How much easier would the Government's position be if it had then switched, as I argued at the time and have continued to do ever since, to a statement of its strategy in terms of its ultimate objectives—the non-inflationary growth of demand and incomes measured by Nominal GDP. This could have been explained in popular, comprehensible terms such as "total spending" or "a national cash limit/objective."

The Treasury expects Nominal GDP to rise by 7 per cent in 1984 and 8 per cent in 1985, a shift between the two years due to the miners' strike. Of course we do not know exactly what is happening to GDP from month to month as we do with the monetary numbers. But the precision of the latter is quite misleading and the degree of estimation involved in assessing the trend of Nominal GDP is a better reflection of the uncertain realities.

If Government objectives had been expressed in the form of Nominal GDP—which happens also to be equal to Money (any definition) times its Velocity of Circulation—it would have been spared its present embarrassment. Unlike some supporters of Nominal GDP, I do not think the monetary targets could be jettisoned altogether. But they would fall into place as subordinate intermediate objectives.

Instead of putting the monetary aggregates on a pedestal, the Government would simply ask: What information do the November monetary figures give about the growth of total spending, and perhaps about other aspects of the economy? It would ask whether the acceleration to an annualised 10 per cent (i.e. the top end of its range) of the other targeted aggregate M0 (mostly notes and coins) over the past three months, was an aberration or a sign of faster than expected growth of spending. Other information such as recent buoyant retail sales, could here be taken into account.

The practical conclusion would be that, given present unemployment trends, the Government would not want to take any risk in undershooting its Nominal GDP objectives, but would not want to overshoot by too far. The result would not be panic action, but "Stop, look and listen," before any further reduction in interest rates.

You may say that this is exactly what is happening. Then why not admit it? Why not free the Medium Term Financial Strategy (MTFS) from its mumbo-jumbo, so that we can rationally debate both whether the objectives are right and whether we are on course or not?

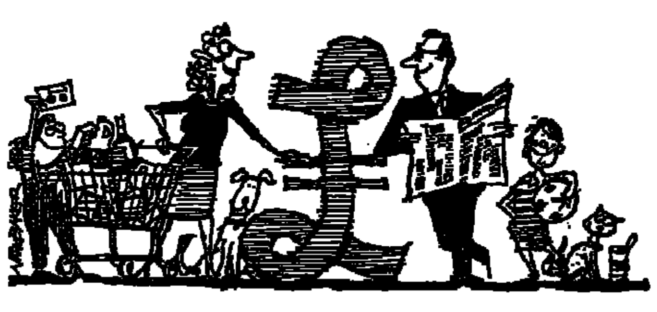
To use an earlier metaphor. Motorists cannot sensibly discuss whether to use the M1, the A1 or some other route before they have decided their destination, whether Carlisle, Glasgow or somewhere else. First decided whether to go to Glasgow, which is the strategic question, and then discuss which route to take, which is a subsidiary tactical question, the answer to which may vary according to weather, traffic and other conditions.

## VAT is not a badge of shame

THE LOBBYISTS who find such easy meat in the gullible MPs who fill so many of the Tory Benches are at it again. Having tasted blood over students' grants, they are looking for fresh victims. Think of anything sensible, equitable, efficient or merely honourable, and some constituency activists will develop enough apoplexy to making the Sitting Member tremble for his seat.

The latest campaigns are over the threat to extend value added tax to a larger range of products. Publishers, newspaper proprietors, dons, journalists and the writing classes generally are never slow to rationalise their self-interest. "Learning and reading are to be taxed" is the cry. "A tax on freedom," declaims the Mirror. The issue is made to depend on whether the VAT system can differentiate between literature and titivation, or science and pornography. Then there are the other lobbies who protest against any threat to children's clothes and shoes. Meanwhile, the pension fund industry is organising its political puppets to threaten the most horrible vengeance against any phasing out of their particular income tax privileges.

In this article, however, I can deal only with VAT. The basic fallacy of the protesters is to suppose that the extension of tax to a particular activity is slur or sign of disapprobation, like the yellow star worn by Jews in ghettoes. They deliberately shut their eyes to the move in most countries to shift the tax burden from earning to spending. By increasing the proportion of expenditure liable to tax, the Government is moving towards a *de facto* expenditure tax, although by different means to those suggested by its classic exponents.



**THE CONSUMER AND VAT**

Average Weekly Family Spending 1982

| | | £ | % |
|---|---|---|---|
| Items subject to VAT | | 72.3 | 57.2 |
| "Exempt" items | | 4.2 | 3.3 |
| Zero rated: | | 50.0 | 39.5 |
| Of which: | Housing | 13.4 | 10.6 |
| | Fuel, light and power | 8.4 | 6.6 |
| | Zero-rated food | 22.3 | 17.7 |
| | Children's clothes | 1.7 | 1.3 |
| | Books and newspapers | 2.2 | 1.7 |
| | Public transport | 2.0 | 1.6 |
| Total | | 126.3 | 100 |

N.B. Slight discrepancies between totals and sum of individual components, due to rounding.

*Source: Institute for Fiscal Studies estimates. IFS definition of consumer spending at market prices from National Accounts definition, principally in exclusion of items such as TV licences, rates, car tax, which are deemed to be already of a tax nature and not suitable for the imposition of VAT.*

If the principle is to tax expenditure, then the onus of the proof is on the producer claiming exemption, not on the Chancellor who wants to impose VAT. Unfortunately, the Prime Minister has blurred the issue by reiterating one of her unfortunate "pledges" this time not to tax food, although some foodstuffs are already taxed.

At present some 56 or 57 per cent of consumer spending is taxed, according to estimates of the Institute for Fiscal Studies.

The non-taxed items are in two categories, "zero-rated" and "exempt." The zero-rated category is the more favourable. A zero-rated activity — say a food manufacturer—is not only free of VAT charges, but can reclaim VAT already spent on related purchases.

A trader who is merely "exempt" pays no tax himself, but cannot reclaim VAT on his purchases. There is a lengthy list of exemptions covering: land, insurance, postal services, betting, finance, education, health, burials, trade unions and professional bodies, sports competitions and "certain works of art." Nevertheless on IFS estimates they account for only about 3.3 per cent of consumer spending.

One main reason for the smallness of the total is that services provided "free" by the state, e.g. health and education, do not count as consumer spending. Another is that many of the services are inputs into other industries and not bought directly by the consumer.

The list of zero-rated items is more extensive. It covers food and drink, except when supplied "in the course of catering" and except alcohol, soft drinks and items such as ice-cream, chocolate and confectionery. Further large zero-rated areas are fuel and power and housing. As rates can be considered a form of housing tax, the case for extending VAT here is weaker than elsewhere. (If housing is regarded as already taxed, the proportion of consumer spending already under the tax net rises to about 67 per cent.)

Apart from food, fuel and housing, the main zero-rated items of consumer spending which hold promise for the Chancellor are public transport, books and newspapers, and children's clothes.

Just for the record, if the Chancellor were allowed to tax all remaining foodstuffs, he would on IFS estimates obtain £4bn in the present financial year. This would have added roughly 2¾ per cent to the Retail Prices Index. If fuel and power had been taxed, he would have obtained £1½bn and added 1 per cent to the index.

Coming to the more likely items, the taxation of books and newspapers would have yielded £400m in 1984-85, and added about ¼ per cent to the RPI. Some extra sums might come from business purchases of books an newspapers, but they would be refundable under VAT procedures. The taxation of children's clothes would bring in £300m and add perhaps 0.2 per cent to the RPI. The taxation of public transport would bring in perhaps £350m and add comparable amounts to the RPI. If the whole ragbag of exempt items could be taxed—which is extremely unlikely — some £550m wolld be received.

In conclusion: if any issue is not a moral issue, it is the fringe extension of VAT. Should we wish to favour certain activities, we should help them directly, rather than impose blanket exceptions which spill over to wholly unintended beneficiaries such as sex shops and pornographers.

The way to subsidise serious reading (whatever that is) is to spend more on libraries or increase Arts Council support for authors. Even a subsidy for paperback classics would be less of an abuse than the present blanket exemption.

One cannot pretend that the detail of VAT coverage is of any intrinsic importance. But it matters symbolically. For if the threats of underemployed MPs succeed in blocking progress here, there will be little chance of removing the main distortions, anomalies and abuses of the tax and social security system, and—still less—the subsidies, cartels and quotas which the British Government is foremost in supporting in EEC and domestic trade, industrial and agricultural policy.

Lombard

# A creed for tax radicals

By Anthony Harris

MR NIGEL LAWSON clearly wants to go down in history as a radical Chancellor, who was prepared to do difficult things to make sense of the tax system: but he seems to lack one piece of equipment which every notable radical in history has surely carried to the fight: a creed. The Chancellor's only declared commitment on principle is to something he likes to call tax neutrality, a concept which is not only a good deal vaguer than it sound, but is distinctly uninspiring.

You can get people to march for fairness, but not for neutralism; and if people won't march, they won't stomach radicalism. It is not really surprising that in face of this drab banner, Mrs Thatcher has not hesitated to defy her own Chancellor by publicly committing her Government not to carry out his favourite project. Mortgage tax relief will remain a sacred cow, and that's official.

Mr Lawson's central error is to suppose that he can pursue his campaign like some wily general, picking off one target at a time. In a war people are tolerant of casualties, even if they are kept in the dark about strategy, because they all know the long-term objective. However, if battles are apparently being pursued in isolation, for their own sake, the officer in command cannot expect this kind of consent. The potential casualties will make a frightful fuss, as Mr Lawson has indeed complained. No wonder he has become a relatively uncommunicative Chancellor. He can only make progress, if at all, by means of surprise attack.

### Big picture

Dr Donald Regan, Mr Lawson's American opposite number, is trying to achieve something much more ambitious than any task Mr Lawson has set himself, and he is pursuing just the opposite kind of campaign. He has chosen to start not with the detailed, isolated proposal, but with the big picture: a fat two-volume proposal for a totally reformed tax system, which is logical, coherent, but subject to amendment.

The result of this approach will be fascinating to watch. The vested interests were naturally quick off the mark with their protests, and in the first few days, everyone was inclined to write the whole effort off as a false start. More recently, however, the outcome has become much more doubtful.

The thing is big, and logical, and compared with the present American loophole jungle, it is blessedly simple. More important, it would deliver tax cuts to a very large number of people, and they know it. The President, after disowning the infant at birth, has now confessed to admiring it, as have some highly influential Congressmen. Meanwhile, the academic community is slowly mounting a Hallelujah chorus of praise.

Mr Regan, working with a far more intractable system than any Chancellor here has to contend with, has at least an outside chance of pulling off a coup: not just what is in the document, to be sure, but at any rate something genuinely ridacal. Even if he fails, it will have been a notable attempt.

### Meade report

Of course, tax radicalism was not invented in the U.S.; this country has for some time had the benefit of a plan almost as fat, just as logical, and still more radical. The Meade Report recommended scrapping the whole income tax system and substituting an expenditure tax—with tax-free saving for all, and full tax payable on capital realisations, and a cash-flow tax for companies.

This plan, which would achieve neutrality at a stroke, and abolish all the anomalies which worry reformers, also earned academic praise, but it never received a kind political word, and faded from the world of real policy like a sigh. Its memory is tended by a few acolytes, like a Tomb of the Unknown Tax Reformer.

Can it be that the luminous Professor Meade has got radicalism in this country a bad name? Mr Lawson should try following the American example. An officially sponsored study, reforming rather than replacing the system we have, and offering tempting benefits, might yet get the show on the road.

# Letters to the Editor

## Taxing lump sums

*From the President, Chartered Association of Certified Accountants*

Sir,—Eric Short asserts (December 8) that an attack on tax free lump sums would be difficult to criticise on rational grounds. Because there is a danger of such thinking becoming a received truth the converse proposition needs to be stated.

Retirement benefits provided through occupational pension schemes can be taken in the form of a pension or as a mixture of lump sum and pension. Income tax will be imposed on income arising from investment of the lump sum and on the pension. There is no irrationality in this since tax relief will have been allowed on contributions to the fund from which the payments are made.

Capital appreciation of pension funds will generally exceed amounts paid away in lump sums; therefore any action to tax lump sums would represent a broadening of the tax base at the expense of those entering retirement.

In responding to the Department of Health and Social Security proposals on personal pensions, this association has suggested that individuals should be allowed to receive as lump sums their retirement benefits in excess of the guaranteed minimum pension. This move to greater flexibility would allow the Chancellor to direct his attention to the many extant anomalies and discriminations in the pensions area. An early assurance from the Chancellor that lump sums will not be attacked would relieve the anxiety being felt by those nearing retirement.

F. E. Bleasdale.
*29, Lincoln's Inn Fields, WC2.*

## Protection of prepayments

*From the Chairman, National Federation of Consumer Groups*

Sir,—Every year, over 200,000 customers who have paid for goods in advance lose the amount they have paid because the trader goes out of business before the goods are delivered. The average amount lost is £80, and the total amount lost in a year mounts up to a staggering £18m.

The Government's Insolvency Bill, just published, fails to remedy this problem. How much longer must it be before consumers are adequately protected?

This federation (the "grass-roots" consumer movement) takes the view that the law should be changed and hopes that the opportunity will be taken during the passage of the Insolvency Bill through Parliament to add some suitable clauses. A recent discussion paper from the Office of Fair Trading exposes the scandalous situation which now exists. Although there are various difficulties, we consider that these are surmountable and that the time for action is now.

C. G. Lewin.
*12, Mosley Street, Newcastle-Upon-Tyne.*

## Onshore oil exploration

*From Mr S. Boyle*

Sir,—Alick Buchanan-Smith's "guarantees" (November 29) on the protection of the environment from onshore oil and gas exploration may have satisfied his oil industry audience. They fail to reassure Department of the Environthose who have read the ment's recent draft circular to local planning authorities on the subject.

"Planning control over oil and gas operations" fails to give coherent guidelines on an issue which requires expertise normally unavailable at a local level, hence leaving local authorities to fight the oil companies on vastly unequal terms. It frequently refers to "national interests" and a need to take "account of the environment" without any clarification of these terms. The circular suggests a presumption in favour of oil and gas development unless a strong case can be made that such an activity would have a detrimental effect upon the environment. In the case of sites of special scientific interest the reverse should be the case. There are no clear guidelines or controls as to how oil exploration, appraisal and production can realistically be separated. The expectation from oil companies who are given exploration licences is that production licences will be given if an economic find is made. To suggest otherwise is unrealistic.

Perhaps the biggest omission from the draft circular is the failure to provide any meaningful national framework within which local planning authorities can operate. There is no indication of national energy policy, nor mention of the relative importance of energy conservation. Onshore oil production constitutes a mere 3 per cent of total output, and 0.15 per cent of GNP. It will never provide more than a small proportion of our total needs and hence should be viewed solely as a strategic national reserve. There is strong evidence to suggest that the very attraction of small onshore oilfields is the low rate of taxation for production levels below 10,000 barrels a day.

The Energy Minister should justify the case to take the resource out now and his apparent rejection of the 1979 Conservative Party manifesto statement that the benefits of North Sea oil and gas "will be short-lived unless we pursue a vigorous policy for energy saving." Only then will observers give any credence to his statements.

Stewart Boyle.
Friends of the Earth,
*377, City Road, EC1.*

## Architects' priorities

*From Mr L. Rolland*

Sir, — As council's nomination for the next Royal Institute of British Architects, I was concerned that Mira Bar-Hillel (Architecture, December 5) appeared to be putting words (however gentlemanly) in my mouth — she should not do this; it is not ladylike!

Of course, my presidency would be very different from Michael Manser's in some respects, but there are many good things he has done, and I strongly believe that each president must bring to the job what he is best at.

Our priority is clear; to ensure that the public demands and gets buildings of quality and delight. There are many sides to this — architectural education, competence, promotion, political power — all are important and require our energetic attention.

Presidents need support; not to be swiped at. I hope to be in the position of knowing that for myself next time round.

Larry A. L. Rolland.
*Rossend Castle, Burntisland, Fife.*

## Chinese Wall paper

*From Mr J. Butcher*

Sir, — The long overdue attempt by the Stock Exchange to avoid conflicts of interest in the market fails to deal properly with the major one that exists between an exchange firm's corporate finance department and its security operations.

In the accountancy profession, this conflict was tackled years ago and firms were obliged to hive off their investment sections. Obviously stockbrokers are unwilling to divest themselves of their lucrative corporate finance businesses, for the Stock Exchange relies on the so-called Chinese wall as the safeguard.

But it is nothing of the sort, for even with a proper "compliance," there will still be the unwillingness of a broker to advise his investment client to sell shares in a company for which his firm acts as corporate adviser.

Unless the Stock Exchange forces firms to hive off their corporate finance departments, e.g., to merchant banks, greater powers should be brought to bear on this important issue.

John Butcher.
*7, Blenheim Close, Wilmslow Park, Wilmslow, Cheshire*

## Damaging VAT reforms

*From Mr W. Powell*

Sir,—A statement from Customs and Excise which merited just two sentences in your issue of November 17 appears to have largely escaped notice. Yet it announced one of the most far reaching and damaging VAT reforms yet dreamed up by C and E.

Attempts to obtain further details from C and E have so far been unsuccessful: it seems these will be issued "shortly," although the changes are to take effect on January 1, without consideration by Parliament, industry or anyone.

I write of the decision to disallow part of the VAT input on car leasing charges, and repair and maintenance of business cars, in proportion to the private use. Anyone who experienced the burden of apportioning car costs to calculate taxable benefits in kind, and who heaved a sigh of relief when the Inland Revenue introduced fixed benefit scales some years ago, will groan with disbelief.

There are two problems: (a) a direct cost to industry of the unrecoverable VAT in the order of £120m per annum; and (b) the sheer magnitude of administration, and a very substantial additional cost, in identifying the unrecoverable proportion, bearing in mind that VAT returns must meet tight quarterly deadlines. It is obviously near impossible to measure private/business mileage quarterly and apply this to actual costs incurred.

This fatuous decision will push up costs in every business in the UK "at a stroke." It will also make contract hire a less favourable option which will do a considerable disservice to a growth industry which has done much for improving the efficiency of vehicle operating. This is bureaucratic nonsense.

W. R. Powell.
*Eastchurch House, Mall Lane, Bredon, Nr Tewkesbury, Glos.*

FINANCIAL TIMES

Thursday December 13 1984



# Price hitch for UK hopes on satellite broadcasts

By Raymond Snoddy in London

BRITISH television companies are set to deliver a sharp blow to UK Government hopes that an all-British consortium will successfully provide the satellite system for direct broadcasting by satellite (DBS).

The consortium, United Satellites (British Aerospace, GEC-Marconi and British Telecom), has quoted a price of nearly £560m ($666m) for a three-satellite, three-channel system with a seven-year life.

This is seen by the broadcasting groups as "unrealistically high." It compares with a quote for an American satellite system which works out at about half the cost.

As a result, the broadcasters will go back to the Government to ask that the contract be put out to international tender or "do something" about Unisat costs.

The DBS joint venture companies believe they cannot embark on a risky commercial venture with a monopoly supplier of the satellites.

The move comes after more than a year of Home Office and Department of Trade and Industry negotiations designed to save the DBS project and the Unisat consortium in particular.

Earlier this week the BBC and ITV companies, which make up 80 per cent of the DBS joint venture decided the project would not be viable at the present Unisat prices. The other potential members – Thorn-EMI, Granada TV Rentals, Pearson (publisher of the Financial Times), Virgin, and Consolidated Satellite Broadcasting – are expected to take a similar view.

The alternative quote from Britsat – a British company offering an American RCA 5000 satellite system – was for a five-channel system with a 12-year life. Britsat says its costings have been validated by a British merchant bank.

A plenary session of the 21 potential DBS participants next Tuesday is expected to endorse the call for the whole matter to be put to international tender.

A potential member of the consortium said Unisat had "shot itself in the foot" by asking for too much and had thus opened the door to competing systems as the only way of making the project viable.

If the project does go to international tender, it could free British Aerospace to make a quote on its own behalf which, it is believed, might well be much lower than that of the consortium of which it is now a member.

British Aerospace has been prime contractor for all the European communication satellites, including the Olympus satellite being constructed for the European Space Agency.

This satellite, which is meant to be a forerunner of a series, is heavily funded by the British Government.

Britain's broadcasters believe the DBS plan to broadcast three channels of television from space to dish aerials on individual homes is possible if the satellite costs can be reduced.

FT telecommunications conference report, Page 2

# Doubts on new term for Bank of England deputy

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE FUTURE of Mr Christopher "Kit" McMahon as Deputy Governor of the Bank of England is now in the balance.

His existing five-year term runs out in three months' time and strong opposition has emerged at Whitehall to the reappointment of Mr McMahon, who is 57.

A decision will be taken shortly by Mrs Margaret Thatcher, the UK Prime Minister in consultation with Mr Nigel Lawson, the Chancellor of the Exchequer. Alternative names include an outsider, who has been apparently suggested, or the promotion of one of the two most highy regarded executive directors, Mr Eddie George or Mr David Walker.

It has become known in the past few days that political infighting has developed over the appointment, which is central to the running of the Bank of England and the operation of financial policy.

Some Treasury Ministry officials have been highly critical of Mr McMahon in view of his central role in masterminding the rescue of Johnson Matthey Bankers. He organised the negotiations over the critical weekend, 10 weeks ago, which led to the "nationalisation" of the bank and the setting up of a £150m ($180m) package of indemnities to which the Bank of England was forced to subscribe half.

Ministers, including Mr Lawson, believe they were bound to accept the JMB operation, without adequate consultation, and they have distanced themselves from the Bank's conduct.

It has also been suggested in Whitehall that changes in the current system of banking supervision are inescapable.

There had been speculation that Mr McMahon might not remain as Deputy Governor, and might go either to the private sector or to head a major international body, since he was passed over two years ago for the post of Governor at the Bank when Mr Robin Leigh-Pemberton was appointed. Mr McMahon's views have sometimes been seen in Whitehall as less than wholeheartedly in tune with Treasury ministers' enthusiasms.

Mr McMahon has, however, played a central role in the transition after the appointment of the new Governor especially given Mr Leigh-Pemberton's shift to a more decentralised style of management.

Mr MacMahon is highly respected on the international financial and economic circuits. He played a central role in January 1981 in arranging a complicated financial deal which led to the freeing of the U.S. hostages in Tehran.

**David Lascelles, Banking Correspondent, in London writes:** The Bank of England was trying to stay aloof from Whitehall politicking over the choice of the next Deputy Governor last night. There is an awareness, however, that the appointment is in the hands of the Prime Minister, and that Downing Street is deeply dissatisfied with the way the Johnson Matthey Bankers affair was handled.

Although the Bank's actions also angered the many City bankers who were asked to help bail JMB out, they would not necessarily wish to see Mr McMahon become the sacrificial victim. The Australian-born former Oxford don is respected for his intellect and openness, and was widely favoured for the Governorship when it fell vacant two years ago.

# Treason charges mark end to Durban consulate occupation

BY ANTHONY ROBINSON IN DURBAN

THE THREE-MONTH occupation of the British consulate in Durban by anti-apartheid activists ended here last night with the arrest on treason charges of two of the men, while the third was allowed to leave the consulate freely.

The three men had agreed to leave the consulate, following the lifting of detention without trial orders served in August for organising opposition to the new tricameral constitution.

The occupation of the consulate caused a diplomatic rift between Britain and South Africa. The British Government refused to expel the men as long as they were liable to detention without trial.

The two men arrested yesterday were Mr Archie Gumede, a general secretary of the anti-apartheid United Democratic Front (UDF) and Mr Paul David, a leader of the campaign to release African Nationalist Congress leader Mr Nelson Mandela.

Mr Bill Nair, an executive of the Natal Indian Congress who had just been released from prison before he entered the consulate with five other men on September 13, was carried shoulder high out of the front door of the Barclays Bank building where the consulate is situated. A crowd of several thousand supporters chanting black power slogans thronged the road outside the consulate.

Police waited at the bottom of the lift for the three men to descend after holding a family reunion and prayer meeting in the consulate. A police officer identified and pressed arrest warrants on Mr Gumede and Mr David, and then bundled them out of the back door.

The charges of treason and offences under the Internal Security Act served on the two men are believed to be similar to those served on six other UDF activists on Monday.

These charges refer to acts allegedly committed by the men over the period 1981 to 1984.

For most of this period Mr Nair was in prison, and this appears to be the reason why he was released while the other two men were arrested.

**South Africa's payment deficit down, Page 3**

# Pilkington's £104m cash call sours reaction to profit rise

BY ALISON HOGAN IN LONDON

PILKINGTON, the British glass manufacturer, announced a £104.8m ($126.8m) rights issue yesterday. The announcement, however, soured the London stock market's reception of a 72 per cent increase in half-year profits.

The group says the funds are needed to strengthen the company's balance sheet after "considerable expenditure," including the £67m purchase of a 30 per cent stake in Libbey-Owens-Ford, the second-largest U.S. glass maker.

It also wants to expand its presence in the electro-optical industry, particularly in the U.S.

The division, which supplies defence equipment including infra-red systems and night vision equipment, as well as a range of civilian products, is seen by the company as one of the more profitable potential growth areas.

After the announcement of the one-for-four issue, which will restrain expected increases in shareholders' earnings, Pilkington's shares closed 12p down at 293p on the London stock market yesterday.

Shareholders are worried that Pilkington should embark on an expansion programme so soon after completing a drastic reorganisation of its traditional glass manufacturing base, in response to tough competition from overseas.

They have seen their earnings per share decline sharply since the company last asked them for capital amounting to £60m five years ago. The tough measures taken by the company since then, began to bear fruit in the year to March 1984 when profits rose by more than a fifth.

Shareholders, however, fear that the rights issue might prove a further setback to expected improvements in earnings.

See Lex; Details, Page 24

# Role of Federal Reserve under review

By Reginald Dale, U.S. Editor, in Washington

MR Donald Regan, the U.S. Treasury Secretary, yesterday said that the Reagan Administration was considering "at a low level" a plan to bring the Federal Reserve, the nation's independent central bank, under some form of government control.

He stressed, however, that no immediate decision was likely.

Mr Regan made his remarks to reporters after reiterating complaints that the Fed had been too tight with the nation's money supply in recent months, although he stopped short of specifically calling for further relaxation.

Mr Larry Speakes, the White House spokesman, said that there was "no active plan" for changing the Fed's jealously guarded independent status.

At the Treasury, officials said that Mr Regan had simply been responding to a reporter's question about the Fed, and was not seeking to revive the idea of bringing it under control, as a number of conservative Congressmen have advocated.

Mr Regan's remarks referred to an unpublished internal study, dating from about two years ago, which had since been shelved, the officials said.

The report had never worked its way up through the machinery to the Secretary's desk, they said – a point confirmed by Mr Regan yesterday.

Nevertheless, Mr Regan said that with the Administration starting a second term, "we have to examine all parts of Government to see if they've withstood the test of time." He pointed out that the U.S. was "the only large indurtrial nation in the world that has a totally independent central bank."

Administration officials have expressed concern that the Fed's move to ease the money supply last month, when it cut its discount rate from 9.0 to 8.5 per cent, may not be enough to restore strong economic growth.

There has been speculation that the Fed's policy-making open market committee may decide on further relaxation when it meets next week.

# Increase in loans to Ghana

By Paul Betts in Paris

INDUSTRIALISED countries agreed yesterday to increase their loan commitments to Ghana by 9 per cent next year.

Both Ghana and the World Bank said in Paris yesterday after a two-day meeting of the Ghana aid consortium that they were satisfied with the increase in new loan pledges totalling $450m next year compared with $415m this year.

This was close to the World Bank target of $460m in new pledges for 1985. Moreover, World Bank officials expect the latest pledge figure to increase.

The new loan commitments are designed to help Ghana increase substantially its imports. This is regarded as one of the key aspects of a successful recovery of the economy of the West African country.

In addition to the $450m in new pledges secured by Ghana from its Western donors yesterday, Ghana was also given indications of export credit pledges amounting to $75m next year.

Britain has also announced it would convert £15m ($17.95m) of repayments due by Ghana on past aid loans into grants. Britain has pledged £9m in fresh money to Ghana next year and £2m in debt relief.

# Brazil accord with IMF

Continued from Page 1

tered earlier between Brazil and the IMF was achieved last Saturday in Washington, at a secret meeting between Mr Jacques De Larosiere, the IMF's managing director, and Sr Antonio Delfim Netto, Brazil's Planning Minister.

No details were available yesterday on the nature of the agreement reached between the two men. Their talks are thought likely to have concentrated on ways of achieving the agreed target for the public sector finances.

Sr Pastore assured journalists that the agreement would not mean an increase in the country's tax burden.

## THE LEX COLUMN

# Optics out of focus

It is a while since the City of London has had the chance to enjoy a real old-fashioned rights issue. But Pilkington's £105m issue yesterday appeared to revive the traditional spectacle of a company launching itself at the stock market just as soon as it had the figures to sell. A relatively narrow 14 per cent discount even gave the underwriters an opportunity to look as if they were earning their money, but the interests of shareholders seemed to have been given scarcely a sideways glance.

Designed to give the board elbow-room for a thinly sketched programme of expansion, Pilkington's capital raising is additionally justified by a wish to de-gear the balance sheet. This seems cautious indeed, since year-end borrowings stood at a modest 35 per cent of shareholders' funds and minorities, with interest covered about four times by operating profits. So unless Pilkington has expansion plans of the most grandiose kind, it can scarcely claim to need new equity. And its record in the five years since it last came to market has inspired not a few doubts over the necessity of subscribing more.

Pilkington has admittedly had to plough through years of rationalisation, as it lost market share in flat glass. But earnings have only just started to pull out of the slide, and this would more reasonably have been the time to allow shareholders the benefit of a geared recovery; when trading conditions are going the company's way, returns on equity are improved by employing debt to provide the extra capital.

As it is, shareholders will almost certainly find that earnings per share have been diluted – by 13 or 14 per cent over the next year. Even if all the interest saved comes through to the bottom line (under cover of UK tax losses), additional ACT on the new shares should see to that. It seems a very expensive way of raising money; stock market opportunism appears to have blotted out Pilkington's calculation of the relative cost of debt and equity capital.

## Charter Consolidated

Charter Consolidated's interim figures were expected to be awful and so they are. The only passably good news appears at the top of the revenue statement in the shape of almost doubled profits from the industrial and mining companies. Anderson Strathclyde has somehow contained the effects of the NUM strike and a recovery from losses in mining has muffled the crash at Cape Industries.

But from then on it is downhill all the way. Investment dealing profits have almost disappeared and, after a higher interest bill, pre-tax profits emerge 65 per cent lower at £7.7m. A maintained dividend absorbs all but £125,000 of attributable profits, leaving an extraordinary charge of £85m to be taken straight to reserves.

Charter may have been unluckier than most in its investments, but there is no way in which the group's catalogue of disasters can be written off to mere accident-proneness. Capital employed is no higher now – even in nominal terms – than in March 1981 while, even taking a generous view of second-half prospects, it is hard to envisage a return much above 6 per cent this year. And return on capital is the measure by which Charter itself asks to be judged.

The group includes a valuation surplus on investments in its calculation of net assets, which is fair enough but invites a comparison with investment trust sector. Charter has lost a third of its net assets in 18 months and the shares currently trade at a 45 per cent discount to net worth – twice the investment trust average and a fair reflection of the management's credibility problem.

With Minorco now operating as the main offshore vehicle for the Oppenheimer interests, Charter lacks a clear raison d'être. But, so long as Minorco itself holds 36 per cent of the equity, institutions are almost powerless to change the management or its strategy. To judge by the record, more's the pity.

## Tate & Lyle

Although Tate & Lyle was able to deliver a 21 per cent rise in pre-tax profits for the year to September, the advance – to £69.2m – was put together in a rather uninspiring way.

Apart from a favourable £12.5m swing in the net interest account, the elimination of Zymaise, with its £7.5m of sweetener losses, was the main source of improvement. Operating profits actually fell a notch. Yet the results were disfigured by so many provisions that it is easy to make a case for a stronger performance in 1985.

Even if the £10.4m set aside against an Indonesian contract cannot be hauled back, it seems unlikely that Tate will again suffer anything equivalent to the Nigerian ban on imports of cube sugar, or need to provide against a frozen agribusiness contract in Mozambique.

For one thing, the agribusiness overheads are being cut down to size, and the tendering for the riskier contracts abandoned.

If it were not for the UK price war in refined sugar, and a more difficult outlook for the Canadian and New York refineries, something well clear of £88m might have been in sight.

Even a less ambitious prospect should keep the share price firm, near its present 443p, but it is the only successful acquisition – as the Brooke Bond bid recognised – that can lift Tate away from a sugar refiner's multiple.

# Liquidation of Creusot

Continued from Page 1

the FFr 119m it offered because of offsetting liabilities. In the case of Usinor, the liabilities have still to be evaluated. If these should exceed the FFr 58m it offered, then the group will pay nothing for the takeover but will have to waive further claims.

In absorbing the armaments and metallurgical divisions Usinor, which expects to make losses itself this year of FFr 4bn, will be taking over a further loss-making operation. M Gallois said yesterday the two activities combined could not expect to cover their costs before 1987.

Among the other subsidiaries in the Creusot-Loire empire:

**Clecim**, the steel equipment manufacturing company, is to link up with Spie Batignelles, the engineering group.

**Société de Materiel et de Forage International (SMFI)** and **Instruments SA** are the subject of proposed management buyouts.

The future of **Phoenix Steel**, the U.S. steel company that was a major source of Creusot-Loire's losses, is under discussion with a possible U.S. purchaser.

No takers have been found for **Delattre Levivier**, the engineering group or **Pinguely**, the crane manufacturer. M Gallois, conceding that the solution finally adopted for Creusot-Loire had led to the break-up of the group, said it had enabled most of its subsidiaries to be saved.

# U.S. call on labour flow

BY DAVID MARSH IN PARIS

THE U.S. yesterday stepped up efforts to persuade European counties to improve prospects for growth by allowing freer flows of labour and capital in their economies.

The U.S. initiative came at a meeting of officials from the main industrialised countries at the Organisation for Economic Co-Operation and Development (OECD). It was combined with an attempt to set up a mechanism for international scrutiny of countries' economies to improve flexibility and chip away at what the U.S. considers to be constraints on business.

The U.S. call, spearheaded by Mr Beryl Sprinkel, the Treasury Under-Secretary for Monetary Affairs, is likely to be unpopular with some countries.

Ideas for international economic surveillance, to be carried out by the International Monetary Fund, have up to now been based primarily on action to pinpoint macro-economic imbalances.

In view of the large U.S. budget and current account deficits which are being financed by capital drawn in from the rest of the world, this is an area where some European countries feel the U.S. itself has yet to put its own house in order.

The U.S. suggestion was made at a meeting of an OECD working party which normally deals mainly with balance of payments problems. One European delegate said the still-growing U.S. current account deficit was hardly mentioned at the meeting.

# World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 16 | 61 | Dubrovnik | S | 12 | 54 | Malaga | S | 17 | 63 | Salzburg | S | 8 | 46 |
| Akrotiri | S | 18 | 64 | Faro | F | 19 | 66 | Malta | – | — | — | Seoul | S | 9 | 48 |
| Algiers | – | — | — | Florence | F | 13 | 55 | Manila | F | 30 | 86 | Singapore | F | 30 | 86 |
| Amsterdam | S | 7 | 45 | Frankfurt | S | 8 | 46 | Miami | F | 24 | 75 | Stockholm | F | 3 | 37 |
| Athens | C | 11 | 52 | Funchal | F | 20 | 68 | Milan | S | 8 | 46 | Strasbourg | Fg | 1 | 34 |
| Bahrain | S | 18 | 64 | Geneva | Fg | 2 | 36 | Moscow | Sn | -7 | 19 | Sydney | S | 28 | 84 |
| Bangkok | F | 32 | 90 | Gibraltar | C | 16 | 61 | Munich | S | 7 | 45 | Taipei | S | 24 | 75 |
| Barcelona | S | 12 | 54 | Guernsey | C | 6 | 43 | Nairobi | C | 18 | 64 | Tangier | S | 19 | 66 |
| Beirut | R | 17 | 63 | Helsinki | C | -1 | 30 | Naples | S | 14 | 57 | Tehran | – | — | — |
| Belgrade | F | 6 | 43 | H. Kong | C | 21 | 70 | New Delhi | S | 23 | 73 | Tel Aviv | S | 17 | 63 |
| Berlin | Fg | 0 | 32 | Innsbruck | C | 5 | 41 | New York | C | 11 | 52 | Tenerife | F | 23 | 73 |
| Biarritz | S | 15 | 59 | Inverness | C | 8 | 46 | Nice | S | 13 | 55 | Tokyo | S | 18 | 64 |
| Blackpool | C | 4 | 39 | Istanbul | F | 6 | 43 | Oporto | R | 15 | 59 | Toronto | C | 4 | 39 |
| Bordeaux | S | 8 | 46 | Jersey | Fg | 5 | 41 | Oslo | C | 3 | 37 | Tunis | S | 16 | 61 |
| Brussels | S | 5 | 41 | Jo'burg | S | 26 | 79 | Paris | Fg | 2 | 36 | Valencia | S | 13 | 55 |
| Budapest | S | 6 | 43 | Las Palmas | F | 21 | 70 | Prague | S | 5 | 41 | Venice | S | 9 | 48 |
| B. Aires | R | 27 | 81 | Lima | S | 23 | 73 | Reykjavik | F | 2 | 36 | Vienna | S | 5 | 41 |
| Cairo | C | 19 | 66 | Lisbon | C | 17 | 63 | Rio de J'o | C | 34 | 93 | Warsaw | C | 2 | 36 |
| Cape Town | S | 23 | 73 | Locarno | S | 10 | 50 | Rome | S | 15 | 59 | Zurich | Fg | 3 | 37 |
| Caracas | C | 27 | 81 | London | C | 7 | 45 | | | | | | | | |
| Casablanca | S | 22 | 72 | Los Angeles | F | 20 | 68 | | | | | | | | |
| Copenhagen | F | 8 | 46 | Luxembourg | S | 4 | 39 | | | | | | | | |
| Corfu | S | 15 | 59 | Madrid | S | 8 | 46 | | | | | | | | |
| Dublin | C | 9 | 48 | Majorca | F | 15 | 59 | | | | | | | | |

*Readings at mid-day yesterday:*

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# Ecu home loans planned

Continued from Page 1

wanting to keep the same type of home loan.

Eventually, however, the plan should increase competition between mortgage institutions in the different member-states.

He said the option of having home loans denominated in Ecus as well as the relevant national currency should be encouraged. Although such a practice could cut across restrictions on private use of the composite currency. "I hope that option will be available in all member-states," he said.

Mr Tugendhat said one of the most difficult problems in creating a genuinely open mortgage market was to meet the differing requirements of member-states in exercising prudential control over the solvency of lenders. This would still have to be resolved, and actual adoption of the draft regulation could be two years away.

Resistance to any move for opening up the EEC mortgage market has come from governments rather than from the industry itself, he said. The proposal now approved by the Commission was originally promised to the Federation of Building Societies's meeting in Munich in September 1982.



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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday December 13 1984



# ITT slims down with $240m oil asset sale

BY WILLIAM HALL IN NEW YORK

ITT, one of the biggest U.S. conglomerates, is selling the bulk of its oil business for $240m. The disposal is the latest in a string of large asset sales aimed at streamlining the sprawling conglomerate, whose 278,000 employees operate in over 100 countries.

ITT, whose poor financial performance in recent years has prompted speculation of board dissension and talk that it is a possible takeover target, confirmed yesterday that it had suspended its head public relations official and two of his colleagues during an "ongoing" investigation.

It is unclear whether the investigation is connected with a reported investigation by the U.S. Securities and Exchange Commission (SEC) into ITT share trading. Since July, when a two-thirds cut in ITT's dividend knocked ITT's shares down to $21, the price has risen considerably. Early yesterday ITT shares fell $⅛ to $28⅞, valuing the company at $4.5bn.

ITT said that the exploration and production division of its Eason Oil unit was to be sold to a subsidiary of Sonat Exploration, the Alabama-based energy and natural resources group. The gas processing division is being sold to a subsidiary of Standard Oil Company of Ohio, which is majority owned by British Petroleum. Each of the transactions is subject to the negotiation of definitive agreements, which are to be completed by December 21 and December 31, respectively.

Mr Rand V. Araskog, ITT's chairman and chief executive, said: "These divestitures are part of our continuing extensive programme of asset redeployment. We consider this action to be a highly positive and constructive move for the company."

The sale of the bulk of its Eason operations follows the $475m sale of its Continental Baking subsidiary to Ralston Purina in October. A $124m after-tax gain on this sale will be taken into the fourth quarter.

Mr Irwin Jacobs, the Minneapolis financier, has been buying shares in ITT, which took the unusual step earlier this month of publicly denying reports of a boardroom split. The company said that no member of its board was in favour of a liquidation of the company, nor was there any debate on the subject.

ITT has hired Lazard Freres and Goldman Sachs to work with it on programmes to enhance shareholder values. ITT has warned, however, that efforts in the areas of divestiture, cost reduction, asset evaluation and restructuring may reduce income in the near future and may offset the $124m gain on the Continental Baking sale and the $54.7m gain on the increase of ITT's investment in Standard Telephones and Cables.

# Total gets a taste for date palms

By David Marsh in Paris

TOTAL, the French state oil group, has agreed a unique agriculture link-up with two of the country's leading scientific institutes aimed at breeding high-yielding date palm trees for African and Middle East countries.

Much of the venture is designed to combat a deadly fungus-borne disease, bayoud, which has wiped out two thirds of Morocco's date palms this century and threatens the rest of the world's date palms.

The accord will involve pooling industrial and technical expertise in restocking palm plantations in several countries where Total has important oil prospecting and production interests.

M Louis Deny, vice-chairman of Total, said yesterday that the agreement, which also involves the National Scientific Research Institute, CNRS, and the National Institute of Agronomical Research, Inra, formed part of Total's efforts to build up ancillary activities in oil-producing countries. It has agricultural-linked operations in Algeria, Saudi Arabia, the United Arab Emirates, Egypt and Oman.

It also forms part of a bid, being promoted increasingly by the French Government, to channel research expertise into commercial projects through link-ups between industrial and scientific groups.

M Deny said the accord, involving initial spending of FFr 4m ($425,531) over three years, was not expected to reap immediate or considerable profits. He emphasised, however, that Total had an interest in seeing profits out of the agreement.

The plan is to provide Inra's work on genetic selection of disease-resistant palm trees with research on test-tube plants multiplication pioneered in CNRS laboratories.

Out of the roughly 96m world date palm population, all but 1m are in Africa and the Middle East.

# Dome calls on banks to drop key share issue

BY ROBERT GIBBENS IN MONTREAL

DOME Petroleum, the Canadian energy group, has asked its 54 Canadian and international bank lenders to let the company drop a plan to raise C$350m (U.S.$267m) in new equity. The issue is a key condition of this year's C$5.2bn debt restructuring agreement.

Dome had agreed to the equity issue last August, and it was originally due to be launched by September 30. Dome has already received an extension until February but now wants the issue shelved because of poor market conditions.

Dome said the debt pact could remain essentially unchanged without the commitment to raise new equity. It is looking for a window in equity markets when a stock issue could go forward, however, and its underwriting group is maintaining an up-to-date prospectus. Meanwhile, Dome wants the debt agreement to be closed by December 31.

One problem with the equity issue was its size and potential dilution of existing equity. Four major Canadian banks would have become substantial Dome shareholders. Dome also explained that it wanted its 1984 accounts to reflect the debt restructuring.

Dome has raised C$126m (U.S.$96.1m) from asset sales in the first nine months of 1984 and has been making principal payments under the debt pact since April. The Federal Government withdrew a $1bn safety net extended to Dome when it faced bankruptcy in 1982.

The company is now gaining more elbow room from lower interest rates. It is concentrating on the core business of oil, gas and contract drilling, has dropped ambitious capital projects and has put up more assets for sale such as its holding in Syncrude Canada.

New cash flow has been improving significantly this year. In the first nine months Dome had a loss of C$105m, against a loss of C$68m a year earlier, on revenues of C$1.77bn, against C$1.86bn. The latest loss included C$106m in foreign exchange adjustments due to conversion of U.S. debt to Canadian funds to reduce currency exposure.

# NCR set to close Clemson plant

By Paul Taylor in New York

NCR, the U.S. computer group, plans to close its personal computer production plant in Clemson, South Carolina, with the loss of 230 jobs. It plans to shift production and final assembly to its facility in Augsburg, West Germany, and to five other U.S. plants.

The company said it would complete the closure of its Clemson plant, which assembles most of its recently introduced model 4 personal computers and manufactures some components, by next April.

In the meantime, NCR said, it would transfer production of parts to its Augsburg plant with final assembly taking place there and at five other NCR plants in the U.S.

NCR's push into the highly competitive personal computer business has met with mixed success. The model 4 computer, which competes directly with machines made by IBM, was introduced in September. The company has declined to say how sales of the machine were faring but said that as a result of its shift in assembly, production of the unit would increase.

# Downturn at Fluor continues

BY OUR FINANCIAL STAFF

FLUOR, the California-based engineering, construction and natural resources company, has plunged to a $21.8m net operating loss in the fourth quarter ended October 31, against a loss of $7.8m in the 1983 quarter.

The latest deficit, equivalent to 28 cents a share, continues a sharp downturn in results in the course of the year, and takes earnings for the whole year to just $1m or one cent a share, compared with a net operating profit of $80.7m or $1.02 a share. Losses on the sale of the company's distribution business reduced the 1983 figure to $27.7m or 35 cents a share.

Sales in the fourth quarter fell from $1.28bn to $1.03bn, and from $5.3bn to $4.4bn for the year.

Mr David Tappan, chairman and chief executive, said: "Despite the earnings decline, this past year was much improved over the recessionary conditions faced by Fluor in 1983." New contract awards totalled $4.2bn, the highest for three years, and the year-end order backlog of $4.2bn was above the low reached in the second quarter of the year.

The earnings setback continues to be due mainly to Fluor's engineering and construction operations. In natural resources, the domestic metals group performed better than in 1983 due to higher prices for lead, zinc and iron ore. Labour disruption reduced lead mine output.

International minerals operations were "considerably less profitable" than in 1983 because of lower production and gold prices, and reduced foreign exchange gains.

# Seagram arm uncorks bid for Mumm

By Our New York Staff

JOSEPH E. SEAGRAM, the U.S. subsidiary of the giant Canadian-based distiller, is making a bid for full control of Mumm et Cie, the world's second biggest champagne producer whose red and white labelled Mumm Cordon Rouge magnums are a familiar sight both in Europe and the U.S.

Seagram first took an interest in Mumm in 1960, and before the bid it had a stake of 56.2 per cent. The Paris bourse yesterday suspended trading in the shares of Mumm et Cie after Seagram's move. An official estimated that it would cost around $20m to acquire the rest of the French company at the pre-suspension price of FFr 598 ($63.6).

# Canadian bank in red as interest income falls

BY OUR MONTREAL CORRESPONDENT

BANK of British Columbia, the medium-sized Canadian bank which was recently forced to restructure and bring in new equity, has reported a net loss of C$6.99m ($5.3m), or C$2.01 a share, in the year ended October 31, against a profit of C$12.1m, or C$2.20, a year earlier.

The bank blamed the loss on a decline in net interest income to C$81.2m from C$103.8m and an increase in the loan loss provision to C$37.9m from C$22.7m. The sale of non-performing and questionable property loans, at a loss of C$45.8m, caused more than half of this rise.

The bank said the results did not take into account the restructuring, which included the sale of C$72m of common shares. The restructuring had strengthened its financial position and positioned it to return to profitability, the bank said.

Assets at October 31 were C$3.07bn, against C$3.06bn a year earlier, while loans edged up from C$2.38bn to C$2.49bn.

● The recession in western Canada is continuing to bring operating losses at Woodward Stores, a Vancouver-based department store group. The company has reported an operating loss of C$11m for the 39 weeks ended October 27, against a loss of C$5.3m a year earlier. Revenue slipped from C$779m to C$755m.

Furniture and appliances were weak, partly offset by gains in fashion and food.

# FCA reduces dividend by 70%

BY OUR NEW YORK STAFF

FINANCIAL Corporation of America (FCA), the parent of the biggest U.S. savings institutions, has cut its quarterly dividend by 70 per cent to 5 cents a share.

The reduction, the first since FCA ran into serious financial difficulties last summer, is a further sign of the new management's efforts to restore its financial position. The group reported a $107.2m net loss for the second quarter, and although it showed a $1.2m net profit in the third quarter, it reported a net loss of 9 cents a share. For the first nine months of 1984 FCA reported a net loss of $2.21 a share.

FCA said that the reduction in the dividend was "in keeping with the company's efforts to maintain standards of prudent fiscal management." The reduction in the dividend did not come as a surprise to the financial markets.

# $150m charge for Intl. Paper

INTERNATIONAL Paper, the world's largest paper producer, will take a $150m pre-tax charge in the fourth quarter. The charge will cover anticipated losses from the sale or closure of certain wood product manufacturing facilities and expected losses on West Coast timber leases. The company also plans to repurchase up to 4m common shares.

Mr John Georges, president, said the wood products industry had become "a disaster area" with the increase in Canadian lumber imports. Reuter

# INTL. COMPANIES & FINANCE

## U.S. demand boosts Thyssen Stahl

BY PETER BRUCE IN BONN

THE BOARD of Thyssen Stahl, Europe's biggest private sector steelmaker, was obligingly embarrassed about the provisional 1983-84 results they produced in Duisburg on Tuesday.

Just a year ago, the division reported a DM 208m ($67m) loss for its first six months in operation as an identifiable unit, and the executives agreed this week it was not unreasonable to assume, for comparative purposes, an equally high hypothetical loss for the six months prior to March 1983. Given the state of the steel market in late 1982, they were probably being kind to themselves.

It now transpires, however, that Thyssen Stahl made a profit in the year to the end of September of DM 176m, of which DM 83m has been siphoned off into reserves. Nevertheless, the sums point to a (hypothetical) turnround in one year of DM 592m!

Herr Wilfried Pruess, finance chief, agreed that was probably a little too high. Conceding that because it had been Thyssen Stahl's first full year, he simply did not know, precisely, where or how much money the group had actually made, he still boldly suggested that the 'real' net recovery, on a turnover of DM 9.2bn, probably lay between DM 400m and DM 500m.

The clue to a boast like that lies not only in the fact that a rationalisation and write-off programme, which cost the group DM 369m last year, is in train, nor that European prices have stabilised.

Rather, Thyssen Stahl's success is due in large measure to the late conversion of the U.S. steel industry, and its most important domestic customer, the motor manufacturers, to the fact that steel cast automatically into slabs and other semi-finished forms yields a vastly superior finished product when compared to the age old tradition of first pouring molten steel into ingots and then having to re-roll it.

The U.S. steel industry has begun to invest heavily in this new technology in the past two years, yet continuously cast steel accounts for only just over 30 per cent of the country's output—the lowest ratio in the industrialised West. The revamping of plant takes times, but Detroit, having also caught the bug, in part from its German subsidiaries, wants the product immediately.

### Rocketing sales

In order to deliver, U.S. steel companies have been buying continuously cast semis abroad and rolling them into sheet, mainly for use in car bodies.

In 1982 and last year, the export of West German semis to the U.S. averaged some 10,000 tonnes a month. For the first nine months of this year, the average has rocketed to 40,000 tonnes a month. Thyssen Stahl's own deliveries to its U.S. customers this year have nearly trebled in volume, from 308,000 tonnes in 1982-83 to $51,000 tonnes in the past financial year, a performance almost exclusively due to sales of semis.

Added to that, Thyssen is not only being paid in dollars but is thought to be achieving prices in the U.S. some 30 per cent higher for slab than it could in the small European and Third World slab market.

Herr Heinz Kriwet, Thyssen Stahl's chief executive, said demand for semis was so great that the group had been offered almost impossible contracts. One, at two weeks' notice, was to supply 100,000 tonnes of slab if it could be delivered in one month.

Clearly, however, Thyssen Stahl has been riding high on a combination of demand and favourable exchange rate bias that has little to do with the harsh realities of trying to produce a commonplace commodity, steel, in a very overcrowded market. The U.S. bubble could burst at any time, not least because of a growing protectionist mood in the U.S. steel industry, and that worries the men in Duisburg.

Herr Kriwet's problem now, even though the group is trading profitably, is how to continue taking advantage of the semis boom in the U.S. without losing sight of his long-term restructuring plans. These centre on expanding the downstream operations at Thyssen Stahl, probably at the expense of crude steel production, and moving into higher value products.

### Modest investment

Capital investment this year of some DM 530m, of which DM 370m should go into downstream modernisation, is, at best, modest for a producer of Thyssen's size. Yet the group still carries a net debt burden of DM 1.3bn.

But while Herr Kriwet may be able to buttress the group against forecastable turbulence by spending money downstream he is also very nervous at the prospect of the European Commission next Monday relaxing its decision to ban state subsidies to steelmakers throughout the Community from the end of next year. Such a move might unsettle producers and unleash yet another damaging price war.

In the event, Thyssen Stahl's best defence would be the speediest possible implementation of its own restructuring programme. Thyssen is half way through this process, which involves cutting steelmaking capacity from 16m tonnes a year to 11m tonnes. Some 8,000 jobs will also go.

## Bell builds up stake in Elders

BY LACHLAN DRUMMOND IN SYDNEY

MR ROBERT Holmes à Court, the Australian financier, confirmed yesterday that Bell Group, his master company, now owns 5.5 per cent of the capital of Elders IXL, the diversified brewing and financial group. But he gave Bell's annual meeting in Perth no further hint of his intentions.

Mr Holmes à Court has been assembling the Elders stake over recent months at prices which, he said yesterday, were well below recent market levels. The shares peaked yestrday at A$3.40 (U.S.$2.87) bfore closing at A$3.36 a share — 14 cents below an adjusted high for 1984 of A$3.50.

Yesterday began with Bell widely expected to launch an offer for 15 per cent of Elders' capital at A$3.75 a share. As a result, A$3.4m worth of shares changed hands yesterday at prices well up from the previous close of A$3.20. Roach Tilley Grice, Elders' 40 per cent-owned broker, acted as both a buyer and a seller, with Bell also said to have been a buyer and seller.

Bell has been under no obligation to reveal its hand in Elders, and would not be required to launch a formal takeover offer in order to lift its stake to the 20 per cent level anticipated by the market.

At yesterday's prices, Mr Holmes à Court is probably looking at paper profits of up to A$7m (U.S.$5.9m) on the shares he has purchased.

He has previously carried out similar publicly exposed market plays in major Australian stocks and early this year snared 4.4 per cent of Broken Hill Proprietary through two tender offers. Bell has since established itself as an active trader, both buying and selling in BHP shares and it may now be seeking to establish itself as a market maker in Elders' shares.

Rumours of the impending drive for what would be the single biggest holding in Elders suggested that Bell might offer BHP shares in return for Elders stock. At yesterday's prices, Elders is capitalised on a fully diluted basis at some A$1.1bn, making a full takeover bid an unlikely prospect.

Although Elders' share register is wide open, Mr John Elliott, the chief executive, is believed to be able to count on solid support from some 30 per cent of the capital, including the 14 per cent held by the Goodman group, its New Zealand associate, and the 8 per cent held by the National Mutal Life Group, of which Mr Elliott is a director.

## Toshiba plans display tube venture in U.S.

TOKYO — Toshiba Corporation, Japan's second largest general electric machinery manufacturer, after Hitachi, is to set up a joint venture with Westinghouse Electric of the U.S. to make colour display and picture tubes in the U.S.

Toshiba Westinghouse Electronics will use a Westinghouse factory in Horsehead, New York which has been vacant since 1977.

The joint venture plans to invest about $100m and employ between 600 and 800 people. Initially Westinghouse and Toshiba will invest $20m each.

Production wil start in 1986 and eventually 1.6m units a year will be produced.

U.S. demand for colour display terminals is expected to grow to 3.5m in 1987 from 1.5m this year.

Reuter

## State support for Austrian construction plant group

BY PATRICK BLUM IN VIENNA

THE Austrian Government is to give up to Sch 2.8bn ($133m) to Maschinenfabrik Andritz, the industrial plant construction company to keep it afloat and help cover its losses.

It is hoped that the money, to be handed over to Creditanstalt Bankverein, which owns 89 per cent of Andritz' shares, will be sufficient to cover the company's considerable losses of the past two years. These amounted to Sch 1.45bn in 1983 and are expected to reach Sch 1.2bn this year.

Insiders say the decision will be less costly for the government than closure of the plant and the loss of 2,000 liobs that this would entail.

The company, which is building several water purification plants in Iraq, has fallen victim to the Iran/Iraq war. Shortages of construction materials and manpower have drastically increased costs, accounting for about half of the company's losses.

Restructuring plans for the company will be undertaken in the coming years as part of the Creditanstalt's efforts to improve the position of its industrial holdings.



## Sharp interim fall at Volkskas

BY JIM JONES IN JOHANNESBURG

VOLKSKAS, South Africa's fourth largest banking group suffered a sharp profits decline in the six months ended September and expects matters to deteriorate further.

Taxed profits fell to R24.1m ($13.1m) from R24.7m in the same period of 1983. For all 1983-84 the figure was R59.0m.

The group's banks performed satisfactorily but its industrial and property companies were hit by the economic downturn.

An unchanged interim dividend of 21 cents has been declared although first-half earnings dropped to 78.6 cents a share from 92 cents. For all 1983-8i4 earnngs were 193.8 cents a share and the divdend total 57 cents.

## INTERNATIONAL COMPANIES and FINANCE

# St-Gobain expects sharp increase in net earnings

BY DAVID HOUSEGO IN PARIS

SAINT GOBAIN, the French glass and steel pipes manufacturer, expects to increase net profits this year by 50 per cent to about FFr 600m ($63.4m).

M Roger Fauroux, the group chairman, said yesterday, however, that he was dissatisfied with the earnings split between foreign and domestic activities. While Saint Gobain expects to earn about FFr 1bn on its foreign activities, it will lose about FFr 400m in France.

The group derives about half of its FFr 60bn turnover from France. It continues to suffer heavy losses in insulation and mechanical engineering, but expects that French operations could be back in balance within 18 months.

Saint Gobain is currently diversifying into civil engineering and services with a view to providing city management services to towns in France and overseas.

But its shift in this direction has received a setback from a failure to establish a working relationship with Compagnie Generale des Eaux, the French water distribution group in which it has a 20 per cent stake.

M Faureux confirmed that the recent purchase of the Compagnie Generale des Eaux stake represented a fundamental part of Saint Gobain's strategy. But so far htere had been no dialogue between the two companies over an industrial link-up.

Sain Gobain reported net profits of FFr 405m in 1983—a sharp turnaround from the FFr 592m losses of the previous year. The improvement in results continued in the first half of this year.

## BASF to issue warrant bond

By Our Financial Staff

BASF, the big West German chemical group, plans to raise more than DM 500m ($162.2m) through an issue of warrant bonds to shareholders.

It is rare for German industrial companies to issue domestic warrant bonds. BASF carried out a similar financing operation 10 years ago.

Terms are 10 years on a 3 per cent coupon at 115. Each DM 500 bond carries the right to subscribe to four BASF shares at DM 145 each. The shares closed in Frankfurt yesterday at DM 177.

## Sharp recovery at SGS

BY ALAN FRIEDMAN IN MILAN

SGS-ATES, Italy's leading micro-electronics company, is expected to make a L28bn ($14.7m) profit for 1984, which would represent a substantial recovery from the group's record of losses over the past decade. According to a five-year plan which was completed by the company in September and leaked to the Press yesterday by one of the SGS trade unions, the 1984 group turnover is likely to be L564bn, an impressive 63 per cent rise on the previous year.

SGS's trade unions were told that the 1984 profit would represent 5 per cent of group turnover. Last year the state-owned semiconductor maker, which is part of the IRI-STET state holding group, broke into the black for the first time since the 1960s. The 1983 profit was marginal, amounting to less than $300,000. But it followed a 1982 loss of L45.6bn.

The five-year plan, which rather ambitiously calls for SGS to achieve a $1bn turnover in 1989, also says the company's market share is on the rise. In 1984 the company's world share of the micro-electronics component sector is said to be 1.28 per cent, up from 1.06 per cent in 1982.

## Saleninvest 'crisis' meeting adjourned

By Kevin Done, Nordic Correspondent, in Stockholm

SALENIVEST, the Swedish shipping group, yesterday admitted that its deteriorating financial position had begun to eat into the group equity capital.

A board meeting held yesterday was adjourned provisionally for one week until next Wednesday to allow more time for the critical negotiations going on between the group's main creditors—the banks and the Swedish state—who are still trying to put together a SKr 1bn ($113.6m) rescue package.

The Swedish Government, whose attitudes towards bailing out problem companies has hardened considerably in the last two years, has so far been unwilling to write-off more of its loans to Saleninvest than it would lose in a liquidation.

After drawing up a second control balance sheet at the end of November, Saleninvest said yesterday that "more than half of the company's equity capital was still intact."

Under Swedish corporate law a company must call a special shareholders' meeting if more than half of its equity has been exhausted, which could be the first step towards liquidation or bankruptcy.

## Danish insurer runs up big U.S. losses

BY HILARY BARNES IN COPENHAGEN

LOSSES OF DKr 60m on operations in the U.S. and the UK have caused Hafnia, the Danish insurance company, to delay a planned venture into non-insurance financial activities.

The losses mean that group net profits for 1984 will fall steeply — by about 30 per cent from the DKr 208m of 1983. But the 19 per cent dividend will be maintained, said managing director Mr Per Villum Hansen.

In September this year Hafnia established a holding company and invited shareholders to exchange shares in the insurance company for shares in the holding company, Hafnia Invest. The holding company is intended to act as a vehicle to enable Hafnia to move into fields other than insurance. Danish legislation prevents insurance companies from undertaking anything except insurance business.

Hafnia said that Mr Villum Hansen will not, as planned, leave his post in order to take over as managing director of Hafnia Invest, until the group problems have been resolved.

The losses have arisen in the U.S. insurance company Cameron General, in which Hafnia has a 51 per cent share, and in UK company, Economic Insurance, which Hafnia acquired last January.

## Deutsche Bank opts for electronic cash transfer

BY JOHN DAVIES IN FRANKFURT

DEUTSCHE BANK, West Germany's largest bank, has confirmed that it is launching an electronic cash management system for corporate clients.

Its move reflects a growing feeling among West German bankers that they need to keep pace with developments in this field. Dresdner, the countrys second-largest bank, launched a comprehensive electronic treasury management scheme earlier this yaer.

Deutsche Bank's system involves the transmission of clients' international banking data by means of the General Electric Information Services (Geisco) Mark III network, which has computer centres in Amsterdam and the U.S.

The Dresdner system is built around use of a personal computer, which is seen as a basic work station in modern corporate financial offices.

# Hispano Americano rides out a crisis

BY TOM BURNS IN MADRID

SR ALEJANDRO ALBERT, the chairman of Banco Hispano Americano, Spain's third largest bank, took a bold decision last week and bank presidents and company chairmen up and down the country are coming round to thanking him for taking it.

Sr Albert's favour to the banking and business was to have the Hispano Americano board unanimously approve his decision to pass the bank's 1984 dividends.

The dividend move may be normal practice elsewhere but in Spain it was little short of revolutionary. Never before had one of Spain's big banks disappointed its shareholders. Whatever the need to bolster reserves, big banks and big company prestige demanded a dividend payout and, more often than not, a handsome present for shareholders as well.

It was not a decision that Sr Albert took lightly. Hispano Americano simply had no other means of resolving the losses of its subsidiary, Banco Urquijo-Union. Sr Albert had initially turned to the Bank of Spain for help and was bluntly told that Hispano Americano would first have to make a gesture.

The initial reaction was little short of panic. Last Friday, the first day that Hispano Americano traded on the Madrid bourse after the shock announcement, the bank's share price fell by 16 per cent to Pta 170. The shares continued to slide on Monday, but the trend was being reversed on Tuesday. Bank officials say the development has been digested and they stress that there has been no run on deposits.

As the dust settles the next question is who is next? The other banks who together with Hispano Americano form the so-called big seven, have all said that they will pay dividends for 1984. But the picture could be different next year. Sr Albert's bank has set an important precedent, which is exactly what the Bank of Spain intended.

From initial dejection, Hispano Americano officials have now switched to taking a certain pride in being trail-blazers.

Hispano Americano is in the unenviable position of having absorbed two of the major casualties of Spain's banking crisis. It took over Bankunion in 1982 and Banco Urquijo a year later, and merged the two to form Banco Urquijo-Union. Both Bankunion and Banco Urquijo had effectively collapsed under the weight of their industrial portfolios.

In both cases Hispano Americano acquired the banks without their passing previously through the Deposit Guarantee Fund, a mechanism in which the Bank of Spain and the main banks contribute jointly to refloat collapsed institutions.

The Hispano group received some aid from the Fund but essentially it was left to its own devices in the task of making the banks viable.

In some ways, Sr Albert was himself much the most ideal chairman among the big seven bank presidents to set the dividend precedent. Sr Albert, who is 49 years old, took control of the Hispano group in 1982. He is credited with being the most dynamic and innovative banker among his peers, and the one most acquainted with foreign banking practises.

The principal problem for Hispano Americano is that Urquijo's losses are greater than was thought at the time of the acquisition and that the indirect aid the group had received from the Bank of Spain at the time in recompense for taking Urquijo aboard has proved inadequate.

The authorities had waived the onerous fixed term deposits for the public sector that are a standard feature of Spanish banking in order to allow the Hispano group to invest more profitably on the interbank market to refinance Urquijo. However, the decline in interest rates since the summer has drastically reduced the differential between market and fixed rates, and, along with it, the attractions of the Bank of Spain's indirect funding device.

Current talks between the authorities and Hispano Americano, which are expected to continue through to mid-January, are focussing on the exact financial status of Urqijo-Union, and of new ways of aiding the Hispano group.

In the meantime, two important and interconnected lessons have been learnt: if banks want to help they have first to make it clear that they have done all they can to help themselves. Secondly, the best way to help themselves is take determined austerity measures.

# UK COMPANY NEWS

TATE + LYLE

Profits up 21 per cent to record £69m and dividend raised 19 per cent.

## £36m expansion in agriproducts

Tate & Lyle intends to purchase the agri-products division of Beatrice Inc. of the U.S. for an agreed $43.2m (£36m), in the group's second substantial North American acquisition in just over a month.

Details of the purchase coincide with the announcement of a 21 per cent jump in taxable profits to a record £69.2m for the year to September 29 1984, and a rise in the dividend for the fourth consecutive year. There is a 1p increase in the final to 12.5p lifting the total from 16p to 19p net per share.

The result would have been significantly higher but for a £10.4m provision against the non-performance of a hedged contract, but Mr Robert Haslam, the chairman, still regards the profit increase as "comfortable," and he says that the group's financial position is "very strong."

As regards the group's acquisition policy, with the Beatrice deal following on from the £27.5m purchase of the Canadian Donlee Manufacturing Industries last month and the protracted but ultimately abortive offer for Brooke Bond in the summer, Mr Haslam said "we still have a treasure chest, and if something big came along we could make another throw of the dice.

"But we are not diversifying for the sake of it—we will not buy a holiday camp or anything like that," he added.

The group declined to comment on specific companies rumoured to be on its "short-list," saying that speculation suggesting that Unigate, the UK dairy products concern, could be in Tate's sights "looks wide of the mark."

Mr Neil Shaw, group managing director, also insisted "we have seen no evidence of anybody trying to build up a share interest" in Tate itself.

Tate is to undertake the U.S. purchase through its wholly-owned subsidiary Pacific Molasses, a distributor of molasses and other related feed products.

The businesses to be bought operate in the livestock feed industry, and as such represent a further move away from Tate's traditional sugar refining business. The division's total sales in the year ending February 1984 came to £122m (£102m) producing pre-tax profits of $9.7m. Net asset value at that date was $10.4m.

The deal will complement the purchase by Pacific Molasses of the speciality feeds division of A. E. Staley, which manufactures cattle feed blocks. The acquisition will "provide the ideal vehicle" for further expansion into the manufacture and distribution of speciality feed products.

The contribution from agri-business to the group's total turnover of £1.72bn (£1.78bn) in the period under review was relatively insignificant, adding only £18.6m to the worldwide total and incurring a pre-tax deficit of £2m. Molasses trading, storage and distribution contributed substantially more to sales with £283m (£220.1m) and £11.9m (£7.1m) to profits.

The group's sugar operations still formed the mainstay of its activities, with turnover totalling £787.3m (£731.3m) worldwide, producing a virtually static return at £44.8m (£44.4m). After referring to the implications for the group's activities in this sector of the EEC sugar policy and the future accession of Portugal to the Community, Mr Haslam comments that "biased attacks on sugar based unsubstantiated accusations of damage to health have continued without abatement.

"When a debate becomes as strident and ill-informed as this one, it is difficult for the consumer to get a balanced view," he adds, and says that the group intends to "set the record straight" with an information campaign in the coming year. Mr Shaw points to the increasing proportion of research and development expenditure which is being devoted to the search for new forms of sweetener.

Commodity trading worldwide, confined exclusively to sugar in the period under review, added a sizeable chunk to turnover with £504.5m (£664.5m), but returned a deficit of £6.6m against a £4.2m profit. The £10.4m provision relating to the hedged contract was charged against this division.

In other sectors, turnover and pre-tax profit results were as follows: Bulk liquid storage £12.1m (£10.8m) and £2m (£1.2m); cereal sweeteners and starches £63.9m (£62.3m) and £5m (£4m loss); malting £24.7m (£25.7m) and £2.4m (£2.3m); warehousing, packaging and distribution £42.5m (£49.9m) and £1.1m (£3.6m).

Worldwide insurance activities turned in a profit of £2.4m (£1.6m), and the group's other activities — mainly UK shipbuilding, and construction and packaging materials in Canada — added £82m (£69.9m) to turnover and £6.6m (£2.2m) to taxable profits.

The tax charge for the period came to £23.3m (£19.2m), and minorities took £8.4m (£4.5m), to leave net profits at £37.5m against £31.6m, after a £2m extraordinary loss last time. The dividend will account for £13.1m (£10.4m).

Earnings are shown at 54.8p (59.5p) basic per share, and 52.9p (57.2p) fully diluted.

See Lex

Mr Robert Haslam, Tate chairman . . . "We still have a treasure chest"

## Bulmer to cut jobs as profits tumble

THE INCREASE in cider duty, lack of growth in sales volume, and more competition have made inroads into the profitability of the UK cider division of the H. P. Bulmer Holdings group, and for the half year ended October 26 1984 the overall pre-tax profit has fallen by 22 per cent, from £9.2m to £7.2m.

As to the prospects, chairman Mr Esmond Bulmer says it is too early to judge the outcome of the Christmas period. But steps have been taken to offset the severe squeeze on cider margins by reducing raw material and operating costs and improving efficiencies. "Regrettably we have to reduce the numbers employed" and extensive consultations have been held with the Employee Council to determine how best to achieve this.

There will be no job cuts until after Christmas. Then Bulmer wil lbe seeking voluntary redundancies and early retirements before considering whethr any compulsory rdundancies are necessary. Cost of the exercise is estimated at £2m in the current year.

The significant costs will have an adverse impact on the second half and full year results, albeit that they will be treated as an exceptional charge in arriving at pre-tax profits. For the whole of 1983-84 the group profit was £16m.

Mr Bulmer tells shareholders that underlying group cash flow and balance sheet position remain strongly based. But in the light of the current uncertainties in the UK cider market it is considered appropriate to maintain the interim dividend at 2.24p net.

The 47 per cent increase in duty in the last Budget moved the retail price of cider up to a level which provoked consumer resistance. Therefore, Bulmer was unable to pass on fully the rise in costs and this exacerbated the progressive squeeze on margins; and, with the lack of growth in sales volume, the operating profit from UK cider was down by £2.44m to £6.26m.

Group net sales improved by 17 per cent to £60.62m and is largely the result of including Red Cheek, the apple juice business in the U.S., for the first time. Its sales amounted to £5.5m and operating profit £550,000 from August 1. Servicing the additional borrowings needed for this acquisition meant that interest charges in the half year were doubled to £1m—and they will show a further rise in the second half.

After tax £1.18m (£2.65m) and the cost of the preference dividend £974,000 (£65,000), earnings for the ordinary come out at 9.67p (12.58p) per 5p share.

● comment

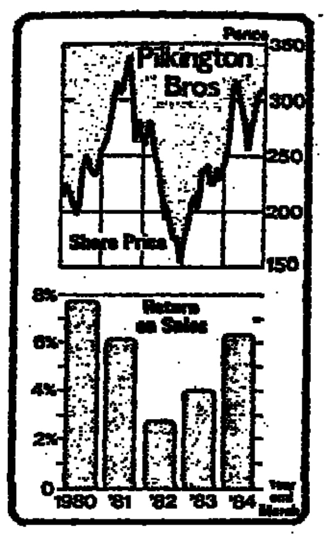
A combination of excise duty increases and more aggressive competition from regional brewers and foreign producers has taken the fizz out of cider for Bulmer. Yet it has still pushed volume through enough to lift its share of a flat market by a point or so to just over 50 per cent. Margins have accordingly suffered—down almost 8 points to 18.3 per cent in the cider division—as Bulmer has supported its output by chasing less profitable business through supermarket own labels and regional distributors. Cider trading profits as a result dropped by 28 per cent, with the damage to the group mitigated slightly by the first £550,000 pre-financing costs contribution from Red Cheek and a good performance from wines and spirits. Cider sales show little scope for recovery in the current half, indicating that full-year profits could drop to £11m pre-tax. The way forward seems to be to cut overhead costs, which will land Bulmer with £2m-£3m in exceptional redundancy charges this year, and seek new markets through ventures like Red Cheek and a possible link up next year with a French drinks group. The shares slipped 10p to 155p, yielding 4.6 per cent.

## Pilkington surges by 72% and calls for £105m via rights

A 72 per cent increase in interim profits and a £104.8m underwritten rights issue were yesterday unveiled by Pilkington Brothers, the St Helens-based glass manufacturer and processor.

The rights, on a one-for-four basis at 255p per share, will in the short term be used to reduce group borrowings, which amounted to £382.4m on November 6 1984.

Taxable profits for the six months to September 29 climbed from £30.4m to £52.2m, reflecting a further recovery in the UK, a "good performance" overseas, and "excellent results" from Libbey-Owens-Ford, a related company.




The company says that the rights, underwritten by J. Henry Schroder Wagg & Co, will provide greater flexibility for the financing of future investments and acquisitions. As at March 31 last, date of the last audited accounts, Pilkington's ratio of total debt to net shareholders funds stood at 44 per cent. The net proceeds of the rights would have reduced this to 29 per cent.

Pilkington last asked shareholders for capital five years ago via a £60m rights. Over the past four years the group has invested in excess of £640m in capital expenditure and acquisitions, financed from cash resources and borrowings.

In particular, Mr Anthony R. Pilkington, group chairman, says that the £67m purchase of a 30 per cent stake in Libbey-Owens-Ford of the U.S. has added considerable strength to the group, resulting in a more than trebled half year share of related company profits of £14.7m (£4.6m).

The company intends to further invest in the electro-optical industry, particularly in the U.S. Three small investments in the U.S. electro-optical field have recently been made at a total cost of $10m (£8.3m).

The interim dividend is being held at 5p net, and will not be payable on the 42.54m new rights shares. Pilkington hopes to pay a second interim dividend of 7.5p (6.5p) in lieu of a final on the enlarged share capital.

The six months under review saw group sales advance from £578.2m to £618.9m. Over the past four years sales have increased from £830m to £1.2bn in the 1983-84 year, which produced a taxable profit of £88.3m.

First-half trading profits emerged £5.6m higher at £64.1m, which were subject to an additional £17.7m (£19.8m) contribution to replacement at current cost and obsolescence.

This left profits, before redundancy costs, of £46.4m (£38.7m), of which £2.3m (loss £3.9m) and £44.1m (£42.6m) were attributable to UK and overseas companies respectively.

Redundancy costs amounted to £6.4m (£7.6m), stemming almost entirely from UK operations.

The taxable result included higher licensing income and technical fees of £18.4m (£11.2m), related company contributions, and was struck after net interest payable of £17.9m (£16.5m).

Earnings per £1 share were shown at 8.3p (0.8p loss). The tax charge was £31.6m (£25.8m), minorities accounted for £6.5m (£6.2m), and extraordinary debits totalled £0.1m (£0.4m), leaving a positive attributable balance of £14m (deficit £1.8m) —after dividend payments in the last full year and the company was left with a retained loss of £0.1m.

See Lex

## Customer's difficulties hit Fobel

WITH PRE-TAX profits plummeting from £1.21m to £41,000, Fobel International has cut its interim dividend from 1.2p to 0.2p net for the six months to June 30 1984. The directors say the dividend for the full year will be considered at the appropriate time, in the light of progress to-date. Stated earnings per 10p share fell from 7p to 0.235p.

Turnover of this holding company—it is interested in the distribution of DIY and electrical goods and the manufacture of electronic products—was down from £16.38m to £10.4m. No tax was payable.

Mr Leboff says the much reduced level to turnover and profitability is the result of the abrupt ending of the manufacturing activities carried on for Mattel, a major customer whose difficulties at the end of last year left the electronics division in Hong Kong with a workload insufficient for profitability.

## Northern Foods slips and demand is flat

THE PROFIT slip which Mr Nicholas Horsley, the chairman of Northern Foods, foresaw in July has come through in the midway results to September 30, 1984, and the expected improvement in the current half has been retarded by flat pre-Christmas retail demand.

The interim taxable profit was down by £0.9m to £27m, with sales also dropping from £656.9m to £612.7m. The group's main activities fall into four categories within the food industry—milk and dairy products, milling and baking, meat products, and brewing. Marks and Spencer is among the customers.

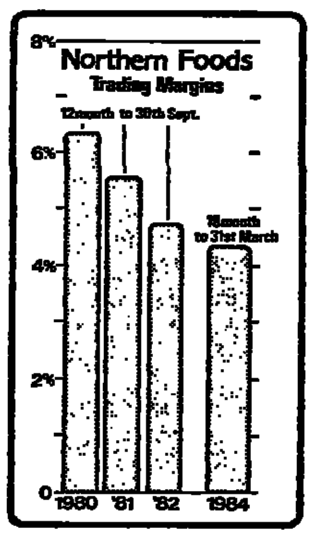
The directors consider, however, that the exceptional investment programme, amounting to £90m over the last two years, is nearing completion, and benefits in terms of profits and cash flow will emerge during 1985. In the year to March 31 last, the group turned in pre-tax profits of £53.3m from sales of £1.3bn.

The interim dividend is 4.25p net per share, with stated earnings down from 9.78p to 9.33p per share. The total payout last time came to 9p for a period of 18 months. The directors say that in future all increases in dividend will be reflected in the final payment.

After lower cost of sales at £516m, against £560.5m, gross profit came through roughly unchanged at £96.7m, against £96.4m. This was trimmed back by distribution and administrative costs at £42.3m (£42.2m) and £26.4m (£25.5m) respectively, and a drop of £0.2m to £1.1m in other operating income, to leave operating profit £0.9m lower at £29.1m.

The share of profit of related companies was £1.6m (£1.4m), and investment income added £4m (£3.8m). Interest payable accounted for £7.7m (£7.3m).

After tax at £6.8m (£7.1m) and minorities unchanged at £0.6m, net profit came out at 19.6m against £11.4m, after an extraordinary debit of £8.8m last time. The dividend will account for £8.9m (£8.8m), leaving retained profits at £10.7m, against £2.6m.




Commenting on the trading performance, the directors state that in the milk and dairy products division, a delayed price increase and some decline in sales reduced liquid milk profits. However, good growth was achieved with products for the fresh dairy and confectionery markets.

In meat products, Pork Farms, in common with the rest of the meat industry, experienced a setback. The escalating price of pork affected margins and demand. Howeevr, sales to Marks and Spencer progressed "remarkably," and as meat prices stabilise, margins and volumes are set to recover in 1985.

The restructured Bluebird subsidiary, now renamed Prestige Foods Corporation, made a good contribution as a

Keystone made steady pro-

result of the excellent improvement of DAK, says the directors.

gress after the exceptional growth of the previous year.

Substantial recoveries in milling and baking came from Fox's Biscuits and Smiths Flour Mills, offset by some disappointments from Park Cakes and Coldrei.

A dip in brewing profits was a consequence of high unemployment and the miners' strike.

Other activities, including the U.S. carpet cleaning subsidiary, maintained profits.

● comment

Northern Foods' half-year results turned out a little better than advertised, and the share responded smartly before easing back to close 4p highr at 210p. The best news—the disposal of Patrick Cudahy in the U.S.—was out of the bag last week; but yesterday brought the small bonus that Northern Foods expects to be shot of the Tupelo slaughtering business, and the entire hog-cycle sty, by the end of the year. Bluebird, lavishly renamed Prestige Foods, can turn in profits of US$6m for the year, while Keystone has found a snug position McSupplying McDonalds. At home, milk margins were under pressure in the first half because of a delay in the desired price rise, but deregulation next spring should open the way for margin improvement provided the industry keeps its head. Pre-tax profits for the full year of £56m-£57m suggest a prospective p/e of 10½ at a 25 per cent tax charge, but equivalent earnings per share will be that much harder to sustain when the tax charge jumps in 1985-86.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Archimedes Inv 2nd int | 5 | Feb 19 | 4.91 | 9 | 8.61 |
| Associated Paper | 3.5 | Feb 13 | 3 | 5 | 4.2 |
| Baggeridge Brick | 4.38 | — | 3.75 | 6.25 | 5.25 |
| Charles Baynes | 1.75 | Feb 7 | 0.5 | 2.25 | 0.81‖ |
| Birmingham Mint ...int | 3.5 | Jan 16 | 3 | — | 10.5 |
| Braithwaite Eng ...int | 4 | — | 4 | — | 9.1 |
| H. P. Bulmer ...int | 2.24 | March | 2.24 | — | 4.9** |
| Burns-Anderson | 1.72 | Feb 8 | 1.5 | 2.42 | 2.2 |
| Charter Consol ...int | 3.75 | — | 3.75 | — | 11 |
| Fobel Intnl ...int | 0.2 | — | 1.2 | — | 2.65 |
| Irish Distillers 2nd int | 5.65† | — | 5 | 7.15 | 6.5 |
| Jacksons Bourne ...int | 2 | — | *1 | — | *5 |
| James Latham ...int | 5 | Feb 14 | 4.25 | — | 11.75 |
| Northern Foods ...int | 4.25 | March 1 | 2.25 | — | 9¶ |
| NSS Newsagents ...int | 2.1 | Feb 14 | 1.9 | 3.3 | 3 |
| Pilkington ...int | 5 | Feb 7 | 5 | — | 11.5 |
| Platon Intnl ...int‡ | 0.93 | — | — | — | — |
| Stakis | 2 | April 10 | 1.45 | 3 | 2 |
| Tate & Lyle | 12.5 | — | 11.5 | 19 | 16 |
| Tunstall Telecom‡ | 0.79 | — | 0.28 | 1.4 | 0.28 |
| UKO Intnl ...int | 1.5 | Feb 12 | nil | — | 3 |
| West's Group ...int | 2.5 | Jan 25 | 2.5 | — | 5.5 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ In respect of 18 month period. ‖ For 9 months. ** Also scrip issue in preference.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Arlington Motor, British Building and Engineering Appliances, British Steam Specialities, Butterfield-Harvey, Cluff Oil, Euston Centre Properties, Fuller Smith and Turner, Greene King, Greycoat City Offices, Haslemere Estates, Harold Ingram, London Merchant Securities, Mitchell Somers, A. Monk, RFD, Smith Brothers, Stoddard, Thorpac, Unigate.

Finals:—AE Canvermoor, Carr's Milling Industries, North Midland Construction, RHP, Reliable Properties, Richards, Sidlaw, United Scientific, Vaux Breweries.

FUTURE DATES

Interims:—

| | |
|---|---|
| F and C Alliance Investment | Dec 18 |
| Galler (A. J.) | Jan 23 |
| Intasun Leisure | Dec 14 |
| Oldacre | Jan 11 |
| Stirling | Dec 20 |

Finals:—

| | |
|---|---|
| Aspinall | Dec 20 |
| Bush Radio | Dec 18 |
| Jackson (J. and H. B.) | Dec 18 |
| North Midland Construction | Dec 13 |
| Williamson Tea | Dec 18 |

# UK COMPANY NEWS

## Hotels and casinos boost Stakis

SECOND HALF profit from Stakis, the hotels, wines and spirits, and casinos group, has topped £6m and raised the total for the year ended September 30 1984 to £10.16m, an advance of 57 per cent over the previous £6.46m. Shareholders are to get a 38 per cent increase to 2p in their final dividend; this will give them 3p, compared with 2p, for the year.

Turnover came to £134.58m, against £99.83m, and trading profit to £11.79m (£8.02m) and was split as to—£000's omitted: hotels and inns £48,514 (£38,572) and £6,580 (£4,386); casinos £21,835 (£18,274) and £4,022 (£2,771); wines and spirits £61,938 (£41,177) and £1,190 (£864). Included this time is a gain of £225,0000 on the sale of an investment, and £310,000 (£542,000) profit on disposal of properties.

Interest and asset leasing took £1.21m (£1.29m) and employee share schemes £423,000 (£269,000).

Tax requires £2.26m (£866,000) after reducing by £273,000 (£280,000) overprovision of previous years, and there are extraordinary credits of £316,000, the principal item being a reduction of £396,000 in deferred tax provisions. Earnings are shown at 1.16p per share (8.57p).

Property assets were independently valued at £85m in October 1983, a surplus of £37m over book value. The net asset value at September 30 1984 is shown to have risen to 111p per share.

● **comment**

The trading account may be slightly blurred at Stakis by the various additions to the hotel and casino portfolios but the overall effect of a 58 per cent profits improvement bares no quibbling. The profit is a good 0.6m clear of most outside estimates. Taking the figures division by division, the hotels business has undoubtedly been the star performer with both occupancy and room rates showing steady growth. Growth there washes through reasonably intact to the bottom line. In London Stakis has been rolling in the money from its casino tables but that has been less true of its provincial chain where a couple of marginal outlets have been trimmed off the list. And finally the retail end of the wines and spirits division has done well while the wholesale side is still struggling. Just two months into the current year it is impossible to make realistic predictions with so many obvious variables but it is hard to imagine that profits will not be rising. At 142p a p/e of 12½ has far more appeal than a punt on the group's spinning wheels while the price that likes of Ladbroke are prepared to pay for bedrooms adds a dimension that makes the historic 111p asset value look silly.

Mr Reo Stakis, chairman of Stakis

## NSS still stuck on a profits plateau

AT THE trading level, profit of NSS Newsagents for the year ended September 30 1984 shows little change at £5.49m, against £5.43m. But an increase from £139,000 to £322,000 in surplus on sale of assets pushes up the pre-tax balance from £5.57m to £5.81m.

The final dividend is 2.1p for a net total of 3.3p, compared with 3p. The company has over 500 branches and its turnover in the year rose by almost £8m to £153.5m.

Tax requires £2.43m (£2m including a further £100,000 attributable to capital expenditure made in the year, to leave earnings at 10.1p (11.3p) basic and 9.3p (10.2p) diluted.

● **comment**

NSS Newsagents never really recovered last year from a poor Christmas. So it was no surprise to discover that, despite a net increase of 17 shops to 527, sales in the core retail business were just 6.6 per cent up, scarcely more than inflation. In the circumstances, a modest increase in retail profits was as much as could be expected. Unfortunately, this was offset by a decline in the wholesaling operations which NSS has struggled to get right in the past few years. Wynd Up (records, tapes) with reduced losses is at least moving in the right direction following rationalisation, but profits from confectionery dived in the face of intense competition. But there are signs that NSS might rise from the profits plateau where it has rested for the past four years. The management is trying to revitalise the retail business by introducing new lines, notably confectionery, to create a more distinctive image. Pre-tax profits in the current year could beat £6m (before asset sales) with the help of a promising start to Christmas sales. Assuming a tax charge of 40 per cent, the shares, down 6p to 112p, change hands on a multiple of about 11, fully diluted.

## UKO Intnl. advances to £1.35m

**UKO International**, the ophthalmic and catering equipment group, raised pre-tax profits by 12.5 per cent from £1.2m to £1.35m for the half-year to September 30 1984, on sales of £29.75m, against £28.44m. Following a three-year absence, the interim dividend is restored with a payment of 1.5p net—last year's single final was 3p.

A small subsidiary of the ophthalmic division, K. Blyth (Optics), was disposed of with effect from March 31 1984. Allowing for this disposal, there was a further increase in volume and sales revenue and group profits were 9 per cent higher than the corresponding period last year.

Ophthalmic sales edged ahead from £22.19m to £22.41m for the period and profits rose to £632,000 (£587,000). Turnover creased by some 7 per cent and profits improved. Profits would have been higher but for industrial action at one of the company's plants. This lasted a few weeks and is now over.

The forthcoming changes in the National Health Service have increased current demand to a high level and various steps have been taken to enable the company to take advantage of the inevitable changes in the market.

The prospective demise of part of the National Health system and the removal of the previous form of protection for opticians have resulted in more new outlets to meet high demand.

The catering equipment division continued to improve. Both turnover and profits showed a marked increase, at £7.33m (£6.25m) and £715,000 (£608,000) respectively.

Group tax charge for the period was £90,000 higher at £240,000 giving a net attributable balance up slightly from £1.05m to £1.11m. Earnings per 25p share are stated ahead from 7.4p to 7.8p. The interim dividend absorbs £210,000.

### Hasbro Bradley

**Hasbro Bradley**, U.S. manufacturer of toys and infant products has had all issued shares o common stock and 8 per cen convertible preference stoc admitted to the Official List.

## Stamping foil growth expands Associated Paper profit by 55%

WITH A particularly strong performance from the stamping foil operations and good results at the Otley paper mill, Associated Paper Industries has lifted its profit by 55 per cent in the year ended September 29 1984, from £2.52m to £3.19m.

Mr Charles Rawlinson, chairman, says the year was very good although some raw material costs rose rapidly. The new air conditioning, filtration and purification division also made a good start. Turnover came to £47.15m (£37.27m) with exports showing a rise of 50 per cent to £9.68m.

The final dividend is 3.5p to lift the total from 4.2p to 5p net per share. Earnings are shown at 17.2p (12.9p).

The chairman says the year end disclosed a strong balance sheet, which will enable the considerable capital expenditure plans now under way to be "funded without difficulty." The directors are looking at a number of "interesting investment opportunities and new product developments" both here and abroad and expect that 1985 will be a year of further progress and growth.

Profit for the year was struck after profit sharing scheme £206,000 (nil) and interest £104,000 (£229,000). Papermaking and converting accounted for £34.62m (£29.57m) of turnover and £3m (£2.59m) of trading profit, stamping foils £6.49m (£6.94m) and £1.33m (£715,000), and air conditioning, etc, £4m (£762,000) and £423,000 (£139,000).

The tax charge is reduced to an exceptionally low £744,000 (£588,000) by the benefit of losses brought forward, and is expected to be at a "somewhat higher" rate in the current year.

● **comment**

The strong increase in exports achieved by Associated Paper Industries in the last year is a promising indicator of the source of future growth. Stamping foils, the fastest growing business with a 22.3 per cent rise in turnover, is already exporting over 60 per cent and the figure is expected to continue to rise with a number of untapped markets in Europe and the Far East to exploit. The traditional papermaking and converting business has borne a year of exceptional cost increases well, apparently passing most of the price rises on to the customer. The new air conditioning, filtration and purification division shows good potential. Diffusion Radiator, an air conditioning and heating equipment business acquired towards the end of last year has gone through "a period of change," according to the company, but has started the current year with a high order book. The shares rose 10p to 186p on the news giving an undemanding p/e of 10.5.

## Birmingham Mint £1m cash call as profits recover

AT THE same time as reporting a recovery in interim profits from £38,000 to £413,000, the **Birmingham Mint** is making an underwritten rights issue to raise around £1m net, the proceeds of which will be used initially to reduce short-term borrowings.

The issue is of 612,739 new ordinary shares at 175p each, on the basis of three new shares for every 10 ordinary held. The new shares will not rank for the increased interim dividend now declared of 3.5p (3p) net.

In the light of an improved outlook, the directors intend to recommend a final in respect of the current year of 8p, on the increased share capital. This will make a total of 11.5p (10.5p).

Turnover for the six months to September 30 1984 advanced from £5.26m to £9.82m. The group has interests in coin and medal minting, metal pressings, uniform accoutrements and electrical contacts. After tax of £179,000 (£20,000) earnings per 25p share climbed from 0.9p to 11.4p.

The directors say that results in the second half to date have been up to expectations and current orders are at a high level. The outlook for the group's trading is better than for some time, and the notable improvement in export orders, in particular for the minting business and for J. R. Gaunt & Son, gives ground for continued optimism.

The world coinage market has begun to recover, the directors state. They wish to ensure that the group takes full advantage of this upturn and of the continuing growth prospects of the other businesses, without neglecting any suitable opportunities which may arise to continue broadening its activities.

The minting business achieved a large increase in export sales during the half year, although pressure on margins restricted the improvement in profitability. However, new export orders are now being taken at considerably better average margins.

# UK COMPANY NEWS

## Ray Maughan looks at Charter Consolidated's mixed fortunes

# Hit for £105m below the belt

THE COST to Charter Consolidated, the mining and industrial investment group, of the losses and declining share values of Cape Industries and Johnson Matthey, was £105m in the six months to September 30.

The effect on Charter's balance sheet is to take net asets down to £360m. Cape incurred losses of £27m on the closure or sale of three insulation manufacturing plants, which Charter has had to bear an extraordinary charge of £18.2m in respect of its 67 per cent owned subsidiary.

Charter has accounted for its shares of the losses incurred on the sale of the banking division of its 27.9 per cent owned associate, Johnson Matthey (JM), and this has meant an extraordinary charge of a further £46.4m. The holding, which has since been raised to 35.9 per cent following JM's issue of new convertible preference shares, is accounted at 98p per JM share.

The group has transferred £65.14m from reserves to cover the balance sheet effect of the losses and closures at Cape and M and to cover a maintained interim dividend of 3.75p per share at a cash cost of £3.94m.

Pre-tax profits for the six months were £7.68m, against £22.05m, and attributable profits suffered a "severe reduction" from £14.21m (13.5 per share) to £4.07m (3.9p per share).

All of the operating companies, other than Anderson Strathclyde and its 51 per cent owned U.S. offshoot, National Mine Service, and the metal sales companies, are included on a nine months basis. And their operating profits for the additional quarter to September 30 amounted to £900,000, before interest, on sales of £131.6m.

Many of the operating companies achieved improved trading results during the period (after alowance for the additional quarter), notably the Shand Group, open cast mining, Beralt Tin and Wolfram and National Mine Service. Mr Neil Clarke, the chief executive of Charter, said that "the progress of National Mine Service is a welcome counter to a fall in profits at Anderson Strathcylde, although this was not severe. The effect of the continuing miners' strike was offset by strong export business."

| | Half year 1984 £000 | 1983 £000 |
|---|---|---|
| Turnover | 464,089 | 296,084 |
| Operating profit | 10,475 | 5,416 |
| Industrial: | 3,900 | 8,900 |
| Anderson group* | 3,200 | 300 |
| Cape Industries | 12,600L | 5,200 |
| Heatrae Sadia | †100 | 400 |
| MKR | †500 | 400 |
| Pandrol | †3,800 | 3,000 |
| Perard Torque | †1,100L | 400L |
| Mining: | 6,400 | 3,600L |
| Alexander Shand | †3,900 | 2,700L |
| Beralt | †1,900 | 200L |
| Wheal Crofty | †400 | 700L |
| Metal sales cos. | 200 | — |
| Financial & admin. | 200 | 100 |
| Divs. & int. received | 2,801 | 4,238 |
| Realisations surplus | 401 | 15,709 |
| Share of related cos. | 4,212 | 2,943 |
| Other int. received | 3,388 | 4,279 |
| Central admin. | 3,629 | 3,661 |
| Prospecting expend. | 375 | ‡817 |
| Interest payable | 9,596 | 7,892 |
| Profit beforetax | 7,677 | 22,049 |
| Tax§ | 4,970 | 9,458 |
| Net profit | 2,707 | 12,591 |
| Minority credits | 1,362 | 1,615 |
| Attributable | 4,069 | 14,206 |
| Dividends | 3,944 | 3,943 |
| Retained | 125 | 10,263 |
| Extraord. charges | 65,260 | ¶31,054 |
| Transfer from resv's | 65,135 | ‖41,317 |

* Comprises Anderson Strathclyde £2.4m (£3m) and National Mine Service £0.8m (£2.7m loss). † For nine months to September 30, 1984. ‡ Credit. § Comprises Charter £2.85m (£8.42m) and related companies £2.12m (£1.04m). ¶ Income. ‖ To reserves. L Loss.

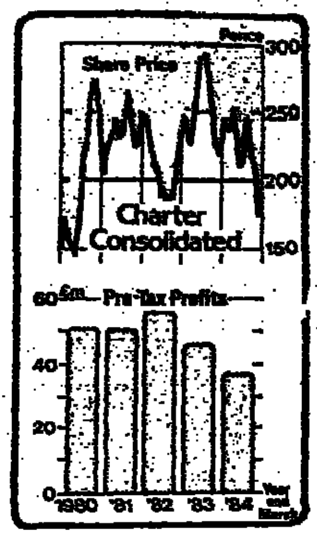
Another important feature of the decline in taxable profits was the shortfall of more than £15m to only £400,000 on realisations of investments. The group blamed this largely on the performance of markets although it admitted that "we were not well positioned." In the comparable period, Charter had taken a £12m surplus on the sale of its stake in RTZ.

The group said that "it is clearly of great concern that JM and Cape should have suffered such losses on withdrawal from two areas of business which had once seemed set fair. However, firm action has been taken in both cases. Furthermore many of Charter's operating subsidiaries have made good progress so far this year as evidenced by the increase in operating profits despite the loss at Cape.

"The outlook for the remainder of the year is not clear, not least with the continuation of the miners' strike."

Charter believes that Cape may have to raise some £15m of fresh capital in support of new bank facilities and has already started preparatory work to this effect.

"Charter has indicated to the board of Cape that it will support any issue of share capital and Cape continues to enjoy the support of its bankers," Charter added. "And we are confident that Cape's on-going business, which include market leaders in the building product and insulation contracting fields, will return the group to satisfactory overall profitability."




The position at Johnson Matthey "is complex." Its fundamental businesses are strong in their fields, Charter said, "and in certain areas have considerable potential."

Negotiations will be started shortly to arrange longer-term financing to replace the present £250m bank support facilities fixed on a six month basis. And examination of Johnson Matthey's needs and an investigation of the events leading up to the sale of the banking division to the Bank of England. Clarke said that Charter's representative, like other members of the JM board, had not been aware of the problems at the bank until September 26, just a few days before the rescue was announced.

# Prickly path from Zaire to Yorkshire

IT IS difficult, even with the benefit of hindsight, to decide which have been the most important milestones along Charter Consolidated's prickly path. Was it that moment, way back in April 1968 when Charter decided to go in with ICI to mine potash between Middlesbrough and Whitby on Yorkshire's coast?

Or was it that point in May 1969 when Charter made a partial bid for what was then Cape Asbestos? In its re-found guise as a building products and insulation contracting operation, Cape has certainly inflicted more than its fair share of damage on Charter's balance sheet.

Those analysts and investors who have seen Charter for what it was, a mining finance house, would probably choose the Tenke Fungurume copper project in what was Katanga in Zaire or the Somima open pit copper mine in Mauretania as salient examples of Charter's expensive involvement in Central African politics. This is to say nothing of civil wars in neighbouring Angola, hyper-inflation and depressed base metal prices.

But maybe the events since October 1979 best illustrate Charter's efforts to become a clear window on the world for Mr Harry Oppenheimer's Anglo American Corporation. It was at that point that the complicated re-shuffle of the Anglo and De Beers international assets gave Charter a plum expansionary portfolio of industrial assets.

In the first place, the deal relieved Charter of its responsibilities toward Cleveland Potash other than a maximum £4.5m commitment to cover closure costs. Secondly, Anglo put a 27.9 per cent stake in Johnson Matthey into Charter's portfolio, a transaction which Mr Oppenheimer described at the time as a "major strategic opportunity."

A further aspect of this realignment was the injection of £37.5m into Charter's coffers which it augmented in June the following year with the gross proceeds of £104m from the sale of its 26 per cent holding in Selection Trust to British Petroleum.

Two months before the Selection deal, Mr Neil Clarke, a director of Anglo, had been installed as chief executive of Charter in place of Mr Murray Hofmeyr.

At that point, Charter had just pocketed a 29 per cent stake in Scotland's biggest engineering employer, the mining equipment manufacturer Anderson Strathclyde (AS) headed by Sir Monty Finniston. The eventual bid was launched in May 1982 and valued AS at £96m. It was plainly undertaken right at the top of the mining equipment cycle, while the makeweight in that deal, National Mine Service in the U.S., has been dragged consistently into the red by heavy financing costs.

Perhaps it was just bad luck that Charter decided to make its most expensive UK industrial acquisition at the point when Britain's competition policy, particularly as it was thought to apply to the depressed regions, was at its most obtuse. The Monopolies verdict, which eventually allowed Charter to bid for AS split the Commission, caused a howl of Commons protest and was one of the elements which caused the Government to look more closely at what it defines as competition.

It may be that Charter could no more anticipate the NUM strike than it could foresee the Anglon civil war almost a decade earlier or even the difficulties of the undulating strata and gaseous content of the Cleveland Potash mine.

Maybe. The cold facts are that Charter's net assets were worth £432m when the new "hands-on" was first outlined in August 1980. Today, just over four years later, Charter is backed by assets of some £360m.

See Lex

# Tunstall heading for full quote as profits double

IN ITS first full year's trading on the Unlisted Securities Market, Tunstall Telecom Group has more than doubled its taxable profits, from £1.39m to £3.05m, with some £1.76m of this coming in the second half.

During the year to end-September 1984 sales also doubled, from £6.59m to £13.08m. The company is the leading manufacturer and supplier of elderly persons' emergency communications equipment in the UK. It also supplies access control, emergency lighting and fire detection systems for the protection of both people and property.

The company has applied to the Stock Exchange for a full listing and dealings are expected to begin on December 17.

The group's results continue the consistent pattern of growth established by Tunstall in recent years, the directors say, and, with order books standing at record levels, they are confident that trading in the current year will be well up to expectations.

They are recommending a final dividend of 0.79p net, making a total for the year of 1.4p. Last year a final of 0.28p was paid, although it was stated at the time of the company's flotation on the USM in June 1983 that dividends totalling 1.12p net would have been paid had the shares been held publicly throughout the year.

The group's full year results exclude Munford & White, acquired in October, which is a leading manufacturer of intruder alarm equipment in the UK. Its products will allow the group to offer a broader range of facilities.

After tax of £1.03m (£458,000), and total dividends absorbing £212,000 (£25,000), retained profit stood higher at £1.81m against £906,000. Stated net earnings per 5p share were shown as 14.4p (6.9p).

### ● comment

A 33p jump in the share price to 335p, might seem an over-reaction to pre-tax profits which are dead in line with the forecast Tunstall Telecom made when it took over Munford and White in August. But, in a limited market, the price was responding to the news that Tunstall is getting to grips with M and W and that no unexpected problems have emerged. The City is also very impressed with the state of Tunstall's own business—orders are about 25 per cent up on last year, and the company is preparing to attack a much broader market, expanding from the provision of alarms for local authority sheltered housing to installations in ordinary council homes and in private houses. All this adds up to an attractive prospect, but one which is fully reflected in the share price. Assuming current year profits of £4.4m and a 35 per cent tax charge, the stock changes hands on a multiple of 16.

## Triplex

A dip in building components performance left pre-tax profits at Triplex down from £334,000 to £292,000 for the half year to the end of September 1984. Mr Lewis Robertson, chairman, says that the second half usually improves on the first, and present indications are that this will happen.

Turnover of this foundry operator and engineer amounted to £5.92m (£5.01m). Earnings per 25p share are shown as 3.5p (4p) — as usual there is no interim. In the last full year a single payment of 0.5p was made from pre-tax profits of £776,000.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 9½% | ■ Hill Samuel ......§ | 9½% |
| Allied Irish Bank | 9½% | C. Hoare & Co. ......† | 9½% |
| Amro Bank | 9½% | Hong Kong & Shanghai | 9½% |
| Henry Ansbacher | 9½% | Johnson Matthey Bkrs. | 9½% |
| Armco Trust Ltd. | 10½% | Knowsley & Co. Ltd. | 10½% |
| Associates Cap. Corp. | 10½% | Lloyds Bank | 9½% |
| Banco de Bilbao | 9½% | Mallinhall Limited | 10 % |
| Bank Hapoalim | 9½% | Edward Manson & Co. | 10½% |
| BCCI | 9½% | Meghraj and Sons Ltd. | 9½% |
| Bank of Ireland | 9½% | Midland Bank | 9½% |
| Bank of Cyprus | 9½% | ■ Morgan Grenfell | 9½% |
| Bank of India | 9½% | National Bk. of Kuwait | 9½% |
| Bank of Scotland | 9½% | National Girobank | 9½% |
| Banque Belge Ltd. | 9½% | National Westminster | 9½% |
| Barclays Bank | 9½% | Norwich Gen. Tst. | 9½% |
| Beneficial Trust Ltd. | 10½% | People's Tst. & Sv. Ltd. | 10½% |
| Brit. Bank of Mid. East | 9½% | P. S. Refson | 9½% |
| ■ Brown Shipley | 9½% | Roxburghe Guarantee | 10 % |
| CL Bank Nederland | 9½% | Royal Bk. of Scotland | 9½% |
| Canada Perm'nt Trust | 9½% | Royal Trust Co. Canada | 9½% |
| Cayzer Ltd. | 9½% | ■ J Henry Schroder Wagg | 9½% |
| Cedar Holdings | 11 % | Standard Chartered ....■ | 9½% |
| ■ Charterhouse Japhet | 9½% | Trade Dev. Bank | 9½% |
| Choulartons | 11 % | TCB | 9½% |
| Citibank NA | 9½% | Trustee Savings Bank | 9½% |
| Citibank Savings ......¶ | 10½% | United Bank of Kuwait | 9½% |
| Clydesdale Bank | 9½% | United Mizrahi Bank | 9½% |
| C. E. Coates & Co. Ltd. | 10½% | Westpac Banking Corp. | 9½% |
| Comm. Bk. N. East | 9½% | Whiteaway Laidlaw | 10 % |
| Consolidated Credits | 9½% | Williams & Glyn's | 9½% |
| Co-operative Bank ......* | 9½% | Wintrust Secs. Ltd. | 9½% |
| The Cyprus Popular Bk. | 9½% | Yorkshire Bank | 9½% |
| Dunbar & Co. Ltd. | 9½% | | |
| Duncan Lawrie | 9½% | | |
| E. T. Trust | 10 % | | |
| Exeter Trust Ltd. | 10 % | | |
| First Nat. Fin. Corp. | 11 % | | |
| First Nat. Secs. Ltd. | 11 % | | |
| ■ Robert Fleming & Co. | 9½% | | |
| Robert Fraser & Ptns. | 10 % | | |
| Grindlays Bank ......‡ | 9½% | | |
| ■ Guinness Mahon | 9½% | | |
| ■ Hambros Bank | 9½% | | |
| Heritable & Gen. Trust | 9½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.25%, 1 month 7.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6%.
¶ Mortgage base rate.

# UK COMPANY NEWS

## Irish Distillers' margins reduced

Irish Distillers Group's trading margins were reduced in the year to end-September 1984. Turnover rose by 48 per cent to I£184.98m while trading profit emerged 10 per cent higher at I£16.61m against I£15.07m (£12.7m).

The taxable result came out at I£11.23m, compared with £9.71m, after interest of £2.77m (£3.34m), depreciation of £2.7m (£2.19m), and associate company profits of £55,000 (£71,000).

A second interim dividend of 5.65p has been declared, making a total distribution of 7.15p (6.5p). Earnings per share were shown as 17.28p (17.55p), after tax of £949,000 (£530,000) — minorities took £8,000 (credit £15,000).

● **comment**

Domestic demand at Irish Distillers has at last touched bottom and now shows every sign of improving thanks to October's duty reductions. Northern Irish imports, which had been making a noticeable dent in the group's home market, now have at best a marginal price advantage, and any decline in Irish interest rates should unlock pent-up discretionary spending. Now that the group's domestic market share is approaching two-thirds, exports are becoming an increasingly important source of future growth. These have risen from 53 per cent to 60 per cent of group spirit volumes, led by a 26 per cent increase in the UK, showing the fruits of heavy promotional spending. BWG chipped in £900,000 after financing costs, indicating a 7.4 per cent underlying advance in group taxable profits, which has turned into a slight decline in earnings per share thanks to the dilution created by last year's rights issue and the paper element of the BWG acquisition. Around I£13m looks in reach this time, leaving the shares, up 3p to 148p, on a prospective multiple of 9.3 after a 10 per cent tax charge.

## Hawley acquires 14.9% holding in Brengreen

BY TIM DICKSON

Hawley Group, the fast-growing service industry company headed by Mr Michael Ashcroft, has taken a 14.9 per cent stake in Brengreen Holdings, one of the largest groups in the commercial cleaning market.

There was no clear indication last night whether Hawley might be preparing a full bid for Brengreen. Hawley directors were unavailable for comment, while Mr Christopher Parsons, Brengreen's finance director, would only say the company had "noted" Hawley's move. He declined to say whether Hawley had been in any discussions with Brengreen.

A 14.99 per cent ceiling is imposed under the Takeover Code for any dawn raid on a company's shares.

Brengreen shares rose 44p yesterday, to close at 56½p, while Hawley was unchanged at 83p.

The two companies are headed by two of the more colourful chairmen in the services sector. In just six years, Mr Ashcroft has built Hawley up via an aggressive acquisition programme, from a chain of Birmingham sport shops into a family of industrial service companies based on office cleaning, home improvements and burglar alarms. Its 1983 turnover was £137m and that could double this year.

Mr David Evans (left), chairman of Brengreen and Mr Michael Ashcroft, chairman of Hawley.

Mr David Evans, chairman of Brengreen, began the business by scrubbing office floors with his wife and 20 years later heads a company with an annual turnover of more than £40m and 23,000 employees.

Shares in Brengreen reached a high of 114p last year, at a time when the company was anticipating major benefits from the Government's policy of contracting out Health Service ancillary services. But the shares have fallen sharply since it made an abortive £36m bid for another cleaning group, Sunlight Services, in the autumn of 1983.

They will not have been helped by Brengreen's announcement last week of flat first-half profits of £1.25m, against £1.16m in the first six months of 1983.

## Property shares suspended

Greycoat City Offices and Churchbury Estates are today (Thursday) expected to announce details of an agreed merger which will create a property investment and development group with a portfolio valued in excess of £130m.

Shares in both companies, together with Law Land, a quoted Churchbury subsidiary, were suspended yesterday pending an announcement of the agreement.

In 1981, Churchbury fought a successful reverse takeover battle to acquire control of Law Land and in the following year Greycoat successfully reversed into City Offices.

## BP Canada £80m development at Les Mines Selbaie

BP Canada is to start work this month on a C$125m (£80m) project to develop a second mine at Les Mines Selbaie, near Joutel in north-western Quebec.

The company, a 64 per cent-owned subsidiary of the British oil group, said yesterday that the Quebec Government was making a "major contribution" to financing the construction of the new open-pit mine through a grant of 20 per cent of the capital cost, up to a maximum of C$25m.

At the same time, BP Canada announced that it had raised its interest in Les Mines Selbaie from two-thirds to 100 per cent through the purchase of Hudbay Mining (Quebec), owned as to 87.5 per cent of the financially-troubled Dome Petroleum and 12.5 per cent by TCPL Resources, a subsidiary of Transcanada Pipelines.

The purchase price was not disclosed, but Dome Petroleum said it had realised C$13.7m from the sale, and the funds would be used to reduce debt. Dome added that the interest in Les Mines Selbaie had been identified as one of the assets to be sold as part of a programme to dispose of "non-core" businesses.

TCPL Resources has been granted an option expiring on May 10 1985 to take an interest of up to one-third in the property.

The new mine, to be completed in late 1986, will exploit the A1 zone of Les Mines Selbaie, one of the lowest-cost copper producers in Canada after the inclusion of by-product credits. The operation will boost annual production to 30,000 tonnes of zinc, 27,400 tonnes of copper, 44,000 kilogrammes of silver and 1,050 kg of gold.

Current production of 16,200 tonnes of copper, 13,600 kg of silver and 530 kg of gold a year comes from an underground mine which is exploiting the nearby B zone.

Reserves of the A1 zone are estimated at 23m tonnes, grading an average of 0.8 per cent copper and 2 per cent zinc with 0.5 grammes of gold and 29 grammes of silver per tonne. This compares with the B zone's grades of 3.7 per cent copper, 0.7 per cent zinc, 1.1 grammes of gold and 36.1 grammes of silver.

Mining of the B zone began in 1981, and the remaining reserves are reckoned to be sufficient to maintain the current rate of operations until 1990. There is a third zone of copper-gold-zinc mineralisation, the A2, immediately to the east of the A1, and this is regarded as another potential underground mining project.

The treatment plant is being expanded from the present rate of 1,500 tonnes a day to 6,500 tonnes to process material from the new mine.

BP acquired its interest in Selco, through which it owns Les Mines Selbaie, as a result of its takeover of Selection Trust in 1980. Last year, the oil company started restructuring its Canadian operations by selling the wholly-owned Selco, which grouped all of the exploration and production interests of Selection Trust in Canada, to BP Canada for C$50m.

Dome to reschedule issue, Page 28



## Vosper repays NRDC but warns of £1m deficit

Vosper, the shipbuilding and engineering group, has paid off its £2.2m in borrowings from the National Research Development Corporation by issuing £1.49m worth of its shares to the NRDC.

The directors of Vosper, having warned shareholders in September that trading results were deteriorating, said yesterday that the group suffered a trading loss "of the order of £1m" in the year to October 1984. In 1982-83, the group had a pre-tax profit of £2.7m.

The deal with the NDRC is part of a programme by Vosper to improve its financial position since the rate of order intake slumped last spring. The group has already passed its interim dividend and sold its 25 per cent stake in Yarrow to Weir Group for £3.02m.

The deal with NRDC involves the issue of 816,132 new ordinary shares of Vosper, giving NRDC 12.6 per cent of the enlarged ordinary share capital but ony 3.4 per cent of the votes.

Vosper said that trading conditions remain difficult but that the number of enquiries with real potential h: improved substantially in the last six months.

"It will be necessary for quite a small proportion of existing enquiries to become firm orders to improve significantly the group's financial position and stability," the board said.

Mr Kenneth Ford, finance director, said net borrowings stood at £3.4m at the end of October 1984, supported by shareholders' funds of roughly £20m. This is considered to be a high level of gearing in an industry in which orders tend to be few but very large.

The company said the costs associated with reorganising the Hovermarine subsidiary had put its financial position under pressure.

Vosper is still pursuing a claim against the Government on the compensation terms for the nationalisation of its UK shipbuilding assets in 1977. The company is claiming £35m. The Government paid £5.3m but the case is to be heard in the European Court of Human Rights by the end of June 1985 and Vosper said its counsel believe that the merits of the company's case are strong.

## Cecil Gee receives £14m bid approach

BY CHARLES BATCHELOR

A £14m takeover bid may be made for Cecil Gee, the menswear retailer which came to the Unlisted Securities Market 18 months ago.

The board announced yesterday that it had received an approach which might or might not lead to an offer at around 160p per share. The shares, 70 per cent of which are held by the three Gee family directors, rose 15p to 180p, to value the company at £15.7m.

Charterhouse Japhet, Gee's merchant bank adviser, said the group had received an unsolicited approach which it was considering.

Stockbroking analysts said that even before yesterday's rise in the Gee share price, 160p offered no premium for control of the company and an offer of below £2 was unlikely to succeed.

Burton Group and J. Hepworth were mentioned as possible bidders. In October, Gee announced a 63 per cent increase in pre-tax profits to £332,000 on turnover which was 30 per cent higher at £8.77m.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value* | Unem-ployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1983 | | | | | | | |
| 3rd qtr. | 102.0 | 96.8 | 97 | 108.3 | 124.0 | 2,950 | 160.0 |
| 4th qtr. | 103.5 | 98.1 | 100 | 110.3 | 151.4 | 2,941 | 162.0 |
| 1984 | | | | | | | |
| 1st qtr. | 102.7 | 97.3 | 100 | 108.5 | 123.5 | 2,998 | 147.0 |
| 2nd qtr. | 100.7 | 98.0 | 105 | 111.7 | 130.7 | 3,026 | 154.0 |
| 3rd qtr. | 99.9 | 98.3 | | 112.4 | 133.8 | 3,076 | 165.1 |
| May | 100.1 | 97.4 | 101 | 110.7 | 130.6 | 3,028 | 156.0 |
| June | 100.7 | 98.5 | 103 | 112.1 | 130.3 | 3,038 | 159.0 |
| July | 99.4 | 97.5 | 103 | 111.2 | 133.9 | 3,055 | 164.0 |
| August | 99.5 | 98.7 | 84 | 110.9 | 132.8 | 3,074 | 163.0 |
| September | 100.8 | 98.8 | | 114.5 | 134.3 | 3,096 | 170.0 |
| October | | | 113.2 | 140.3 | 113.2 | 3,100 | 170.5 |
| November | | | | | 115.4 | 3,103 | 167.6 |

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1983 | | | | | | | |
| 3rd qtr. | 98.5 | 92.0 | 108.5 | 94.8 | 105.3 | 90.5 | 17.5 |
| 4th qtr. | 99.0 | 93.6 | 110.2 | 96.4 | 110.4 | 93.0 | 15.9 |
| 1984 | | | | | | | |
| 1st qtr. | 97.5 | 92.7 | 110.0 | 95.3 | 113.9 | 89.3 | 16.5 |
| 2nd qtr. | 98.7 | 94.3 | 104.7 | 98.7 | 107.3 | 90.3 | 17.8 |
| 3rd qtr. | 99.0 | 94.0 | 103.0 | 97.1 | 107.8 | 90.3 | 16.3 |
| May | 99.0 | 94.0 | 104.0 | 96.0 | 103.0 | 91.0 | 17.5 |
| June | 98.0 | 95.0 | 105.0 | 98.0 | 112.0 | 90.0 | 19.4 |
| July | 98.0 | 94.0 | 103.0 | 96.0 | 106.0 | 89.0 | 18.3 |
| August | 98.0 | 94.0 | 103.0 | 97.0 | 111.0 | 89.0 | 15.5 |
| September | 101.0 | 94.0 | 104.0 | 98.0 | 106.0 | 93.0 | 15.0 |
| October | | | | | | | 15.7 |

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1983 | | | | | | | |
| 3rd qtr. | 99.2 | 106.6 | −369 | +829 | +1,485 | 98.6 | 17.90 |
| 4th qtr. | 107.3 | 112.9 | −221 | +395 | +2,099 | 97.7 | 17.82 |
| 1984 | | | | | | | |
| 1st qtr. | 109.5 | 113.3 | −154 | +377 | +2,316 | 97.3 | 16.75 |
| 2nd qtr. | 108.3 | 118.3 | −1,297 | −387 | +1,548 | 96.9 | 15.51 |
| 3rd qtr. | 107.4 | 119.5 | −1,652 | −902 | +1,726 | 96.8 | 15.35 |
| May | 108.5 | 115.1 | −314 | − 10 | +512 | 96.6 | 15.84 |
| June | 112.0 | 117.5 | −137 | +166 | +656 | 97.6 | 15.51 |
| July | 102.7 | 108.9 | −198 | + 53 | +755 | 97.0 | 15.37 |
| August | 111.6 | 123.9 | −627 | −377 | +387 | 96.7 | 15.35 |
| September | 107.9 | 125.8 | −828 | −578 | +584 | 96.8 | 15.26 |
| October | 116.6 | 133.8 | −851 | − 73 | +388 | 96.5 | 15.35 |
| November | | | | | | | 15.50 |

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

| | M0 % | M1 % | M3 % | Bank advances % | BS inflow £m | HP lending £m | Base rate % |
|---|---|---|---|---|---|---|---|
| 1983 | | | | | | | |
| 3rd qtr. | 3.9 | 8.5 | 8.4 | 24.6 | 2,098 | 2,650 | 9.50 |
| 4th qtr. | 7.9 | 10.4 | 8.8 | 18.9 | 2,745 | 2,807 | 9.00 |
| 1984 | | | | | | | |
| 1st qtr. | 4.1 | 10.1 | 8.2 | 13.6 | 2,609 | 2,896 | 8.50 |
| 2nd qtr. | 4.6 | 24.5 | 11.1 | 18.9 | 1,795 | 2,850 | 9.25 |
| 3rd qtr. | 5.3 | 10.2 | 6.3 | 9.9 | 1,628 | 2,785 | 10.50 |
| May | 4.3 | 28.3 | 11.4 | 19.0 | 482 | 1,022 | 9.13 |
| June | 6.2 | 22.7 | 14.3 | 20.6 | 630 | 919 | 9.25 |
| July | 6.8 | 11.4 | 8.4 | 17.0 | 608 | 976 | 12.00 |
| August | 4.6 | 11.4 | 7.1 | 11.0 | 133 | 938 | 10.50 |
| September | 4.4 | 7.8 | 4.0 | 2.4 | 887 | 871 | 10.50 |
| October | 6.7 | 18.5 | 9.6 | 11.2 | 1,125 | 1,006 | 10.50 |
| November | | | | | | | 9.63 |

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

| | Earn-ings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1983 | | | | | | | |
| 3rd qtr. | 150.9 | 124.7 | 125.1 | 338.0 | 310.4 | 288.14 | 84.9 |
| 4th qtr. | 153.2 | 128.4 | 126.7 | 341.8 | 316.4 | 298.50 | 83.2 |
| 1984 | | | | | | | |
| 1st qtr. | 153.6 | 133.5 | 129.0 | 343.9 | 321.7 | 308.67 | 81.7 |
| 2nd qtr. | 155.9 | 134.1 | 132.0 | 350.9 | 329.1 | 305.06 | 79.8 |
| 3rd qtr. | 159.6 | 133.6 | 132.8 | 353.9 | 326.8 | 288.95 | 78.0 |
| May | 155.7 | 134.3 | 132.1 | 351.0 | 329.4 | 312.45 | 80.0 |
| June | 157.5 | 134.1 | 132.2 | 351.9 | 330.6 | 305.06 | 79.4 |
| July | 159.6 | 133.5 | 132.5 | 351.5 | 328.5 | 289.86 | 78.4 |
| August | 159.2 | 132.8 | 132.6 | 354.8 | 326.9 | 294.18 | 78.4 |
| September | 160.1 | 134.9 | 133.3 | 355.5 | 324.9 | 288.95 | 77.2 |
| October | | 137.5 | 134.0 | 357.7 | 326.2 | 292.40 | 75.6 |
| November | | 138.7 | 134.4 | | | 289.89 | 75.7 |

* Not seasonally adjusted.

## Further talks may give some comfort to Ladbroke

Comfort Hotels is expected shortly to give a cool, but not totally dismissive, response to the £67m bid launched on Thursday by Ladbroke, the bookmaking, hotels and property group.

The indications last night were that the Comfort board was likely to reject the terms of Ladbroke's offer as inadequate, but not to rule out the possibility of further talks between the two sides, which could lead to a higher offer.

The Ladbroke offer comprises five Ladbroke shares for every 14 Comfort shares, valuing each Comfort share at almost 87p, taking Ladbroke's closing price yesterday of 243p, unchanged on the day. There is a partly underwritten cash alternative worth 85p a share, as against Comfort's closing price last night of 86p, also unchanged on the day.

Comfort Hotels, which has already rejected a £44m bid launched for it by tour operator Intasun Leisure, is itself involved in a £15m takeover bid for Prince of Wales Hotels—opposed by both Ladbroke and Intasun.

The view in the Comfort camp last night appeared to be that there could be some advantages in a link-up with Ladbroke, though a lot remained to be learnt about the group's strategic thinking.

## Public Works Loan Board rates

Effective December 12 1984

| Years | Quota loans repaid by EIP† | Quota loans repaid A‡ | Quota loans repaid at maturity§ | Non-quota loans A* repaid by EIP† | Non-quota loans A* repaid A‡ | Non-quota loans A* repaid at maturity§ |
|---|---|---|---|---|---|---|
| 1 | — | — | 10 | — | — | 10¾ |
| Over 1, up to 2 | 10¼ | 10¼ | 10½ | 11⅛ | 11⅛ | 11¼ |
| Over 2, up to 3 | 10⅜ | 10⅜ | 10⅝ | 11¼ | 11¼ | 11⅜ |
| Over 3, up to 4 | 10½ | 10½ | 10¾ | 11⅜ | 11⅜ | 11½ |
| Over 4, up to 5 | 10⅝ | 10⅝ | 10⅞ | 11½ | 11½ | 11½ |
| Over 5, up to 6 | 10¾ | 10¾ | 11 | 11½ | 11½ | 11½ |
| Over 6, up to 7 | 10¾ | 10⅞ | 11⅛ | 11½ | 11½ | 11⅝ |
| Over 7, up to 8 | 10⅞ | 10⅞ | 11⅛ | 11⅝ | 11⅝ | 11⅝ |
| Over 8, up to 9 | 10⅞ | 11 | 11¼ | 11⅝ | 11⅝ | 11⅝ |
| Over 9, up to 10 | 10⅞ | 11 | 11 | 11⅝ | 11⅝ | 11⅝ |
| Over 10, up to 15 | 11⅛ | 11 | 10⅞ | 11⅝ | 11⅛ | 11⅝ |
| Over 15, up to 25 | 10⅞ | 10⅞ | 10⅞ | 11⅛ | 11 | 10¾ |
| Over 25 | 10¾ | 10¾ | 10¾ | 11 | 10¾ | 10¾ |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## London Park pays £3m for hotel in West End

BY CHARLES BATCHELOR

London Park Hotels is paying £3.05m for Scottish & Newcastle Breweries' Royal Angus Hotel, a three-star 92-bedroom hotel in London's West End.

This is London Park's first move to expand since control of the former Rowton Hotels group was acquired last August by Asian hotelier, Mr Nurdin Jivraj.

This brings the number of hotels owned by London Park back to four following the sale in October of the Mount Pleasant Hotel for £3.8m.

London Park also has the 92-room Grand Hotel in Southampton Row, London W1, the 338-room London Park at the Elephant and Castle and the 5-room Mill Hotel at Sudbury, Suffolk.

The company plans to start a £1.5m improvement programme at the Grand and London Park hotels next year to bring them both up to three-star standards.

It is also looking closely at the possible purchase of one or two further hotels, Mr Jivraj said.

London Park is buying the 70-year leasehold of the Royal Angus as well as of the shops numbered 31-39 Coventry Street with a current net annual rent of £86,000. It will pay £2.85m for the lease and £200,000 for the business, funded initially from its own resources. Completion is expected on January 25.

S & N's Thistle Hotels subsidiary said the sale was part of its strategy of concentrating on four-star hoels.

* * *

Angling Securities have sold a total of 700,000 ordinary shares (13.2 per cent) in H. J. Quick and have no shares remaining in the company.

Courtaulds Pensions Common Investment Fund hold 700,000 ordinary shares.

# BUSINESS LAW

## German employers complain of 'unfairness'

BY A. H. HERMANN, LEGAL CORRESPONDENT

GERMAN EMPLOYERS are about to appeal to the Federal Constitutional Court against a decision of the Federal Labour Court denying them legal personality and capacity to initiate court action. They argue that this decision discriminates against them and upsets the constitutionally guaranteed balance of power in the industrial bargaining process. At the same time the Confederation of German Employers is calling for legislation which would remove what they see as an imbalance in the bargaining process caused by series of decisions by social security courts.

It seems that German courts are kept busy by industrial disputes as the English courts at present. However, that is where the similarity ends. The nature of the court actions, their initiators, and even the character of the specialised courts dealing with them are different.

The most striking difference is in the handling of coal mining problems. Although the number of miners employed in underground coal mining in Germany has been reduced from 600,000 to 180,000, their union accepted last year that production had to be cut by another 10m tonnes, with the loss of a further 14,000 jobs, as a result of reduced consumption by the steel industry.

The union believes, however, that with this agreement it has reached the pint where further reductions of output would undermine the viability of the industry. It hopes that both the employers and the Government can be persuaded to keep output at least at the present level. "We cannot employ the methods used by the miners in Britain," Herr Adolf Schmidt, for the past 15 years president of the miners' union, said recently. "We rely on talks and negotiations."

Herr Schmidt regrets that the NUM, the British miners' union, left the International Miners' Federation for ideological reasons after it failed, together with the French Communist miners' union to restructure it. "We are not afraid of contacts with Communists," said Herr Schmidt, "but we cannot embark on any common actions with them. That is out of the question."

The tactical and ideological orientation of the German miners, reflecting the attitude of the country's entire trade union movement, is not irrelevant for the situation developing in the courts. Far from denying their authority, the German trade unions use the courts so successfully that the employers' organisations squeal and ask for the balance to be redressed.

This is particularly evident in the metalworking industry where the union — embracing all employees in the industry —has been successfully using mini-maxi-strike tactics. These consist of calling "warning strikes" in relatively small enterprises producing key components or materials. Such strikes have a domino effect, causing production difficulties in enterprises dependent on supplies of the strike-hit components and materials. Failure to complete products, or to sell them, led to the lay-off of 280,000 employees during the last round of negotiations.

In this way the union saves strike pay as the employees of works closed as a result of a strike elsewhere can fall back on social security and unemployment benefits. The social security courts have confirmed that they are so entitled, and even if their decisions should be reversed on appeal, they have already strengthened the union's negotiating position. That is why the employers are now asking the Government to introduce legislation which would withdraw unemployment benefits from those who are put out of work by a calculated action of the union.

It has long been a leading principle of German industrial relations that a strike can be used only as a weapon of the last resort, after negotiations have failed. The employers are now complaining that, by a tactic of "mobile" mini-strikes, the union is managing to negotiate and take industrial action at the same time.

The employers have tried to answer by selective lock-outs in the enterprises hit by the secondary effects of the strikes. But the union obtained a series of injunctions from labour courts prohibiting such lock-outs.

When the employers' organisations tried to do the same and applied to the labour courts for injunctions to stop mini-strikes, they failed abysmally. The Federal Labour Court rejected their appeal on September 12 1984, on the grounds that the federation of employers in the metalworking industry were "ideal associations" with no legal personality and no standing to initiate litigation. They are now preparing an appeal to the Federal Constitutional Court in Karlsruhe against this decision.

> The unions can go to court for injunctions against the employers, but employers have no standing in court when they assert that there should be no industrial action as long as negotiations continue

Curiously, in spite of the German tendency to rely on legislation for almost everything, very little of it is applicable to the present siutation in induestrial relations. The German constitution—the Fundamental Law—mentions industrial bargaining only very briefly in connection with the freedom of association guaranteed by Article 9, paragraph 3. This has provided the basis for judge-made law created mainly in the Federal Labour Court.

However, the Federal Labour Court often performs the function of a conciliator under the cloak of judicial proceedings, and its judgments, therefore, reflect often more the reality of the industrial balance of power than legal logic. No wonder, therefore, that some observers find the law created in this way contradictory and confused. This is an additional argument in support of the employers' demands for legislation.

As the entire structure of German industrial bargaining rests on the national unions and federations of employers there is something in the employers' complaint of unfairness. The unions can go to court and obtain injunctions against employers taking industrial action, but the employers' organisations are denied legal personality and standing in court when they try to enforce the principle that there should be no action as long as negotiations continue.

The asymmetry of German law in respect of the legal capacity of the two sides of industry goes back to a decision of the Federal Supreme Court (BGH) in 1964 which established the legal personality of unions. Untypically for Germany, the judgment was given not in a dispute between workers and management, but between two unions competing for membership.

One of them sued, asking for an injunction and damages, alleging that the other union used denigrating expressions in its promotional efforts. The BGH held that even if the unions were organised as "ideal associations" without legal personality, they must be given the possibility to defend themselves in civil courts against illegal hampering of their activities by individuals or competing organisations.

The BGH held on that occasion that the constitutional protection of freedom of association provided by Article 9, paragraph 3 of the Fundamental Law, was not aimed only against governmental power but also against illegal action by private powers and organisations. This argument is likely to benefit the employers' case in the Constitutional Court.

However, given the high level of political awareness of this court, it would not be surprising if it also took into account the wider background of the current disputes, revolving around the unions demands for shorter working hours with undiminished pay; the fact that as a result of technological advances productivity growth has outstripped by far the growth of production calls for a rational solution. Growing unemployment and consequential industrial unrest are the only alternatives.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday December 13 1984

News International to raise $350m facility, Page 44

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WALL STREET

# Rate hopes tentatively renewed

A RENEWED surge of optimism over prospects for lower interest rates in the next few weeks proved short-lived on Wall Street yesterday, *writes Terry Byland in New York.*

The stock market remained depressed throughout the session, although selling pressure was light and prices tried to rally. At the close the Dow Jones industrial average was a net 3.20 points down at 1175.13 on turnover of 79.3m shares.

A late feature was a jump of 1⅛ to $75⅛ in J. P. Morgan after the announcement of a dividend increase.

Airline stocks rose sharply on hopes of lower fuel prices.

Faith in the likelihood of an easing in Federal Reserve policies was revived by predictions from several credit market analysts that the Fed would soon act to revive a sluggish U.S. economy.

Dr Henry Kaufman, chief economist at Salomon Bros, predicted the Fed might cut its discount rate before the year end, and that both bank primes and the federal funds rate would move lower by January.

The bond market was also anticipating the disclosure today of a sharp downturn in money supply.

The market's response was disappointing, however. Retail interest in bonds remained thin and traders were inclined to wait for today's federal data on money supply and retail sales before taking on new positions.

The stock market remained a prey to nervousness, with the end year tax sellers finding few buyers. Denials of reports that Norway has suspended its oil pricing system, with the decision by the UK to postpone similar pricing decisions, took the bounce out of the industrial sectors. Retail stocks looked subdued with doubts hovering over the Christmas selling season

Weakness in the computer sector, spotlighted by a fall of $¾ to 118¾ in IBM, set a poor lead for the market. Others to lose ground were NCR, $⅝ off at $25½, and Control Data, $⅝ lower at $34⅞.

AT & T, which is reviewing its dividend policy due to increasing competiton and higher costs, dipped $¼ to $18¾. AT & T is widely held by U.S. private investors as a prime income stock and any shift in dividend policy could rebound on the stock price.

Union Carbide extended Tuesday's late improvement, rising $⅛ to $35¾ despite reports of a new panic in Bhopal as the authorities planned to neutralise the remaining toxic waste. More than 1m shares in Carbide were traded.

Among paper industry issues International Paper, the world leader, lost $1 to $49 after disclosing a $150m write-off against profits.

In the turbulent bid sector Phillips Petroleum rose $1⅞ to $5, with about 1m shares traded as the arbitrageurs pondered the legal fusillade and the delay in Mr Boone Pickens' tender offer.

Further embarrassments at ITT, including the suspension of a senior vice-president in charge of public relations and disclosure of an SEC inquiry into recent stock trading, left the shares $¼ down at $29⅞.

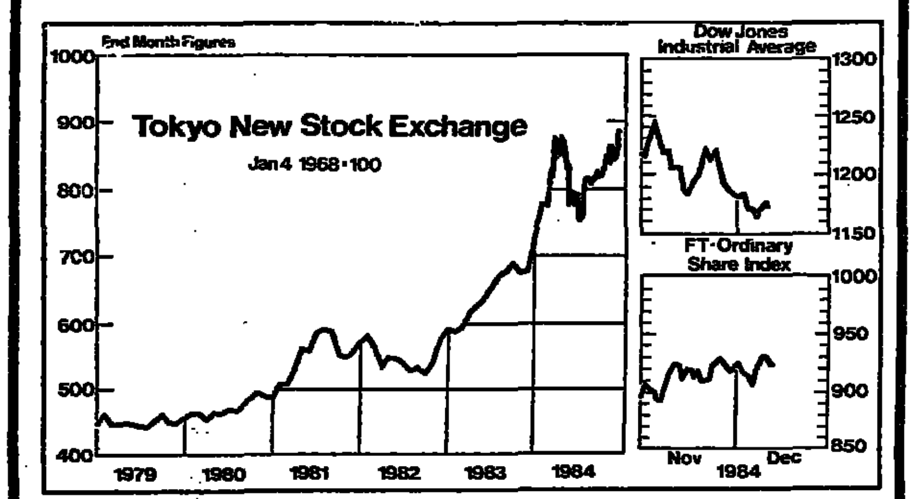
Stock in City Investing edged up $⅜ to $37⅛ after the board was obliged to recess a stockholders' meeting which featured angry criticism of the proposed buyout plan.

There were some newcomers to the takeover scene. Trading in Conair, which makes hair care applicances, was halted at $17⅝ after the announcement of a leveraged buyout proposal at $24.50 a share. Trading resumed later and it closed 4⅜ higher at $22⅛.

In the credit market short-term rates responded favourably to expectations of a downturn before Christmas. With the federal funds rate comfortably settled at 8½ per cent, six-month Treasury bills dipped 9 basis points to 8.38 per cent.

The bond market turned sluggish after its firm start and by midsession gains at the longer end had been trimmed to less than ¼.

KEY MARKET MONITORS




STOCK MARKET INDICES

| | Dec 12 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,175.13 | 1,178.33 | 1,261.59 |
| DJ Transport | 530.78 | 526.24 | 604.45 |
| DJ Utilities | 144.80 | 144.54 | 134.44 |
| S&P Composite | 162.62 | 163.07 | 165.62 |
| **LONDON** | | | |
| FT Ord | 922.3 | 930.1 | 751.1 |
| FT-SE 100 | 1,190.7 | 1,198.6 | 992.0 |
| FT-A All-share | 572.59 | 574.96 | 463.21 |
| FT-A 500 | 627.46 | 630.62 | 493.86 |
| FT Gold mines | 531.6 | 529.8 | 577.5 |
| FT-A Long gilt | 10.19 | 10.11 | 10.30 |
| **TOKYO** | | | |
| Nikkei-Dow | 11,382.34 | 11,250.83 | 9,442.00 |
| Tokyo SE | 879.03 | 869.21 | 699.47 |
| **AUSTRALIA** | | | |
| All Ord. | 721.3 | 723.7 | 743.8 |
| Metals & Mins. | 413.7 | 417.4 | 539.4 |
| **AUSTRIA** | | | |
| Credit Aktien | 58.84 | 58.78 | 54.22 |
| **BELGIUM** | | | |
| Belgian SE | 158.31 | 158.24 | 131.63 |
| **CANADA** | | | |
| **Toronto** | | | |
| Metals & Minls | 1,863.97 | 1,873.8 | 2,479.0 |
| Composite | 2,341.77 | 2,349.5 | 165,62 |
| **Montreal** | | | |
| Portfolio | 116.49 | 116.89 | 124.93 |
| **DENMARK** | | | |
| Copenhagen SE | 166.47 | 167.41 | 195.81 |
| **FRANCE** | | | |
| CAC Gen | 180.9 | 181.0 | 151.5 |
| Ind. Tendance | 120.0 | 120.1 | 96.9 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 375.10 | 375.79 | 344.06 |
| Commerzbank | 1,087.1 | 1,088.0 | 1,016.3 |
| **HONG KONG** | | | |
| Hang Seng | 1,117.23 | 1,118.38 | 856.74 |
| **ITALY** | | | |
| Banca Comm. | 213.48 | 213.84 | 185.10 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 178.4 | 178.3 | 148.1 |
| ANP-CBS Ind | 141.5 | 141.0 | 121.7 |
| **NORWAY** | | | |
| Oslo SE | 288.15 | 283.72 | 214.29 |
| **SINGAPORE** | | | |
| Straits Times | 811.60 | 817.56 | 968.04 |
| **SOUTH AFRICA** | | | |
| Golds | 991.6 | 997.3 | 849.9 |
| Industrials | 949.1 | 952.3 | 927.0 |
| **SPAIN** | | | |
| Madrid SE | 137,62 | 137.38 | 122.50 |
| **SWEDEN** | | | |
| J & P | 1,369.10 | 1,374.81 | 1,514.89 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 383.9 | 385.4 | 370.5 |
| **WORLD** | Dec 11 | Prev | Year ago |
| Capital Int'l | 183.4 | 183.5 | 180.7 |

GOLD (per ounce)

| | Dec 12 | Prev |
|---|---|---|
| London | $324.75 | $326.75 |
| Zürich | $324.60 | $326.55 |
| Paris (fixing) | $328.72 | $326.43 |
| Luxembourg | $327.45 | $326.50 |
| New York (Dec) | $325.90 | $325.50 |

* Latest available figure

CURRENCIES

| (London) | U.S. DOLLAR Dec 12 | U.S. DOLLAR Previous | STERLING Dec 12 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.20 | 1.1985 |
| DM | 3.086 | 3.087 | 3.70 | 3.70 |
| Yen | 247.25 | 246.9 | 296.5 | 296.0 |
| FFr | 9.4625 | 9.465 | 11.355 | 11.3225 |
| SwFr | 2.553 | 2.551 | 3.06 | 3.0575 |
| Guilder | 3.487 | 3.485 | 4.185 | 4.1725 |
| Lira | 1,901.0 | 1,902.0 | 2,282.0 | 2,273.5 |
| BFr | 62.05 | 62.05 | 74.55 | 74.4 |
| C$ | 1.32025 | 1.31865 | 1.58395 | 1.58175 |

INTEREST RATES

| | Dec 12 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 9 13/16 | 9⅞ |
| SwFr | 5⅛ | 5⅛ |
| DM | 5 13/16 | 5 13/16 |
| FFr | 10 13/16 | 10 15/16 |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 9¼ | 9⅜ |
| 6-month U.S.$ | 9 11/16 | 9 13/16 |
| **U.S. Fed Funds** | 8½ | 8⅝ |
| **U.S. 3-month CDs** | 8.90 | 9.00 |
| **U.S. 3-month T-bills** | 8.29 | 8.32 |

U.S BONDS

| Treasury | Dec 12* Price | Dec 12* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 10⅜ 1986 | 100 3/32 | 10.32 | 100 | 10.37 |
| 12¼ 1991 | 103 14/32 | 11.50 | 103 14/32 | 11.50 |
| 11⅝ 1994 | 100 14/32 | 11.55 | 100 14/32 | 11.55 |
| 11¾ 2014 | 101 15/32 | 11.56 | 101 14/32 | 11.56 |
| **Corporate** | | | | |
| AT & T | | | | |
| 10⅜ June 1990 | 95¾ | 11.45 | 95¾ | 11.45 |
| 3⅞ July 1990 | 73½ | 10.25 | 73⅝ | 10.20 |
| 8¾ May 2000 | 76⅝ | 12.18 | 76⅞ | 12.10 |
| Xerox | | | | |
| 10⅞ March 1993 | 93⅝ | 11.70 | 93⅜ | 11.90 |
| Diamond Shamrock | | | | |
| 10⅜ May 1993 | 93 | 11.95 | 92¼ | 12.10 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 87⅞ | 12.15 | 89¾ | 11.90 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 96 | 12.30 | 97⅞ | 12.20 |
| Alcoa | | | | |
| 12¼ Dec 2012 | 98 | 12.50 | 99 | 12.40 |

FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Mar | 71–08 | 71–17 | 71–31 | 71–26 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Mar | 91.39 | 91.44 | 91.33 | 91.31 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Mar | 90.56 | 90.62 | 90.56 | 90.49 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Mar | 90.20 | 90.24 | 90.15 | 90.13 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Mar | 108–04 | 109–09 | 108–26 | 109–01 |

COMMODITIES

| (London) | Dec 12 | Prev |
|---|---|---|
| Silver (spot fixing) | 566.70p | 568.00p |
| Copper (cash) | £1,110.50 | £1,108.50 |
| Coffee (Jan) | £2,236.50 | £2,215.00 |
| Oil (spot Arabian Light) | $27.525 | $27.60 |

LONDON

# Monetary policy fears to the fore

DOUBTS about UK monetary policy subdued London stock markets yesterday, but a constant stream of company trading statements kept business ticking over.

The effects of Tuesday's money supply figures for November, which took sterling M3 out of the target range, were again noticeable in the gilt-edged market, where longer-dated issues settled at the day's lowest, showing losses stretching to ⅞. Shorter maturities were more resilient and displayed only marginal falls, while index-linked issues continued to move against the trend.

Pharmaceutical stocks led a downturn in equities. Beecham, 12p off at 368p, and Boots, down 10p to 188p, were among those unsettled by revived fears that limits would be imposed on the number of drugs doctors can prescribe under the National Health Service.

The FT Ordinary index closed 7.8 down at 922.3.

British Telecom continued to trade actively, but not on Tuesday's hectic scale. Institutional investors became more reserved after the previous day's exertions and BT fluctuated narrowly before ending the day a penny off at 95½p.

*Chief price changes, Page 32; Details, Page 37; Share information service, Pages 38–39*

## AUSTRALIA

A FIRM opening in Sydney gave way to selling among resource issues. Industrials, meanwhile, featured intense activity in Elders IXL, 15 cents ahead at A$3.40 amid a stake build-up by Bell Group, which itself jumped 30 cents to A$5.20 as Mr Robert Homes à Court told the annual meeting he could not clarify his intentions towards Elders.

Heavy trading was also encountered in News Corporation, up 4 cents to A$9.34 ahead of plans to raise a U.S. $350m facility in London. Fairfax fell 10 cents to A$5.30.

## SINGAPORE

SUSTAINED selling pressure was felt among Singapore blue chips and banks continued lower as the effects of the Chop Hoo Thye collapse were evaluated but some speculative issues drew demand.

Leading the actives list were Innovest, up 2 cents to S$1.45, and Faber Merlin, 3 cents lower at S$1.34. Pahang dipped a cent to S$1.05.

Of the banks DBS shed 5 cents more to S$5.95. Notable falls included 18 cents in Paramount to S$2.10 and 13 cents in General Lumber to S$2.03. Hong Leong Credit fell 15 cents to S$5.10.

## HONG KONG

LACKLUSTRE Hong Kong dealings left a mixed to weaker result after a steady opening, with overseas interest all but absent.

The half-day midweek session brought falls of 10 cents each in Swire Pacific at HK$20.20 and China Light at HK$11.60. Hongkong Gas rose 15 cents to HK$6.45 and Hongkong Land 3 cents to HK$3.60.

## SOUTH AFRICA

MODERATE Johannesburg dealings left golds with a mixed finish. Libanon firmed 25 cents to R45. FS Geduld at R49.50 was off R1. Of the marginal producers Elsberg featured with a 25-cent gain at R5.60.

Industrials remained troubled by political uncertainties in the wake of the tougher U.S. stance. Retailer OK Bazaars relinquished Tuesday's 25 cent rise at R15.50. and Barlow Rand dipped 5 cents to R10.85.

## CANADA

THE PACE of Toronto trading remained busy but few marked sectoral movements emerged – except for golds which drew persistent selling pressure.

Banks and utilities were well supported in Montreal, while industrials generally lagged behind.

TOKYO

# Incentives found to renew rally

A STRONG RALLY was staged in Tokyo yesterday, paced by opto-electronic and new materials-related issues, ending a three-day slide, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average climbed 131.51 to 11,382.23. Volume swelled to 356.23m shares from 294.46m. Advances outpaced declines by 506 to 252, with 150 issues unchanged.

In an extension of the strong comeback by pharmaceuticals and other incentive-backed stocks in late trading the previous day, bargain-hunters sought incentive-supported stocks on a broad front.

Kyokuyo was the busiest stock with trading of 18.46m shares triggered by talk about an influx of politically sourced funds: it firmed Y11 to Y288. Pacific Metals, the third biggest with 10.17m, put on Y41 to Y255. Second was Japan Storage Battery with 16.02m, up Y16 to Y416.

Among opto-electronic gainers were Dainichi-Nippon Cables – fourth busiest with 8.87m – up Y19 to Y354 and Asahi Glass, up Y30 to Y736.

Nippon Denko improved Y100 to Y1,230. Yamaha Motor advanced Y28 to Y753 on the strength of brisk motorcycle sales to China, and Nippon Electric Glass shot up Y210 to Y2,940 on strong exports of colour TV cathode-ray tubes to China.

Kyodo Printing added Y12 to Y395. Japan Wool firmed Y39 to Y539 on revived appraisal of its off-book assets and Chori, a trading house, went up Y18 to Y188.

Financial issues rebounded, with Sumitomo Bank rising Y90 to Y1,700, Fuji Bank Y30 to Y1,240 and Nomura Securities Y19 to Y860.

A segment of blue chips also drew buyers, although transactions were thin. Hitachi hardened Y10 to Y848, Matsushita Electric Industrial Y20 to Y1,380 and Fanuc Y650 to Y10,800.

Foreign sell orders through the four biggest securities companies came to 18m shares against buy orders for 13m. International populars such as Hitachi, Matsushita and Pioneer drew buy orders in lots of 100,000 to 200,000 shares.

Pharmaceuticals were mixed. Mochida Pharmaceutical weakened Y390 to Y9,250.

The bond market continued to decline as smaller securities companies moved to trim their holdings from Y659bn, far above the ordinary level of about Y300bn, in view of the slow recovery tempo in the U.S. market.

The yield on the barometer 7.3 per cent government bond falling due in December 1993 rose to 6.655 per cent from 6.615 per cent. The combined inventories of the big four securities houses now total about Y1,300bn, still below the Y1,500bn level at which they usually try to reduce their holdings.

EUROPE

# Corporate cues define direction

AN OPPORTUNITY to evaluate and digest recent corporate developments presented itself on the European bourses yesterday, with movements in the main stock indices confined to less than one point while domestic bonds traded narrowly mixed in most centres.

The third consecutive advance by **Madrid** was achieved largely on the back of the banking sector which is recovering its composure after last Friday's decision by Banco Hispano Americano to pass its dividend, a rare move by local standards.

BHA, which plunged by 45 points to 157 per cent of its nominal value immediately after the announcement, yesterday recovered a further 3 points to 163 per cent.

Other bank s have insisted that they will pay their dividends this year. Of these Banco Popular put on 6 points to 346 per cent while Banco Santander, currently in the upper end of its trading range for 1984, gained 3 points to 322 per cent.

Among electric utilities, Reunidas Zaragoza fell 9 points to 197 per cent while Telefonica, the telephone monopoly, shed some of its recent strength with a 0.7 point fall to 92 per cent. In a stronger construction sector, Dragados added 2 points to 158 per cent and Huarte firmed 1 point to 129 per cent. The stock exchange general index rose 0.24 to 137.62.

Insurance and bank shares stole the limelight in a slightly weaker **Frankfurt** but with differing outcomes. Allianz continued to fall after its rights and restructuring plans. This time it shed DM 29 to DM 991 while associate insurer Munich Re, which has proved more volatile lately, dropped DM 50 to DM 1,050.

Dresdner Bank gained DM 1.70 to DM 188.8, close to its high for the year, Bayerische Vereinsbank recouped DM 1 of previous losses to finish at DM 326 and Commerzbank, which holds a 10 per cent stake in the Spanish BHA bank, recovered 80 pfg to DM 168.50.

Elsewhere, Veba rose DM 1.20 to DM 170 after its investment plans. MAN's favourable forecast brought a further 80 pfg gain to DM 146, and Lufthansa's 90 pfg drop to DM 179 came after its cargo investment details. Preussag's dividend optimism gained a further DM 1.50 to DM 255. Porsche continued to gyrate with a DM 31 surge to DM 1,011.

Bonds were steady as the Bundesbank sold DM 23.4m in paper compared with Tuesday's sales of DM 34m. The Commerzbank index shed 0.9 to 1,087.1.

The fall in domestic car registrations, announced after Tuesday's close, dampened many **Paris** sectors although Peugeot managed a rise of FFr 1.90 to FFr 243.

Lesieur, faced with obstacles to its entry into the Spanish olive oil industry, hit a 1984 low of FFr 950, down FFr 40. Thomson-CSF, however, hit a high for the year by adding FFr 8 to FFr 395.

Mumm was suspended at FFr 598 after a bid by Seagram to buy the outstanding shares of the champagne producer that it does not own.

Financials were active again in a subdued **Amsterdam.** Westland Utrecht firmed Fl 2.50 to Fl 117.50 and ABN scored one of the best gains of the session with a Fl 5 advance to Fl 345.50 Elsewhere, internationals were narrowly mixed.

Sales by foreign institutions and a lack of domestic buyers hit **Brussels** with utilities, oils and holding companies moving down. A mixed **Zurich** was guided by institutional activity as bonds held at overnight levels.

**Milan** turned lower in active trading with insurers attracting investor attention and bonds ended selectively higher.

**Stockholm** undid more of last week's rally with further profit-taking across the board.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 13¾ | AAR | .48 | 2.8 | 15 | 455 | 17¼ | 16⅞ | 17 | -⅛ |
| 30½ | 9⅛ | AGS | | | 8 | 55 | 10⅞ | 10⅝ | 10⅝ | -⅛ |
| 22 | 13½ | AMCA | 1 | 7.3 | | 2 | 13¾ | 13¾ | 13¾ | |
| 17⅞ | 13⅛ | AMF | .50 | 3.3 | 83 | 342 | 15⅛ | 14⅞ | 15 | +⅛ |
| 51⅝ | 49⅝ | AMF | pf 5e | 9.8 | | 99 | 51 | 51 | 51 | |
| 41¼ | 24¾ | AMR | | | 5 | 7329 | 34¼ | 33⅝ | 34½ | +⅝ |
| 20⅝ | 16¼ | AMR | pf2.18 | 12. | | 15 | 18⅜ | 18¼ | 18⅜ | +⅛ |
| 41½ | 27½ | AMR | pf2.13 | 6.0 | | 4109 | 35½ | 34½ | 35½ | +⅞ |
| 25¾ | 22⅝ | ANR | pf2.67 | 11 | | 3 | 23¾ | 23¾ | 23¾ | |
| 15¼ | 8½ | APL | | | 3 | 18 | 10⅛ | 10 | 10⅛ | +⅛ |
| 71⅞ | 40⅝ | ARA | 2.10 | 2.9 | 14 | 2950 | 71¾ | 71⅛ | 71¾ | |
| 69¾ | 44¼ | ASA | 3 | 6.0 | | 850 | 50⅝ | 49¾ | 50 | -⅝ |
| 30⅛ | 16½ | AVX | .32 | 1.9 | 10 | 85 | 17⅜ | 17⅛ | 17¼ | -⅛ |
| 48⅜ | 36⅜ | AbtLab | 1.20 | 3.0 | 12 | 1718 | 39⅞ | 39½ | 39⅝ | -⅛ |
| 23⅝ | 16½ | AccoWd | s.44 | 2.0 | 18 | 135 | 21⅞ | 21⅝ | 21⅝ | +⅛ |
| 27¾ | 12½ | AcmeC | .40 | 2.8 | | 111 | 14⅛ | 13¾ | 14⅛ | -⅛ |
| 12⅞ | 8¼ | AcmeE | .32b | 3.6 | 12 | 2 | 8⅞ | 8⅞ | 8⅞ | |
| 18⅜ | 15 | AdaEx | 2.11e | 13 | | 55 | 16½ | 16⅛ | 16⅛ | -⅛ |
| 18⅞ | 11⅞ | AdmMI | .32 | 2.3 | 7 | 22 | 13⅞ | 13¾ | 13¾ | +⅛ |
| 21½ | 9¼ | AdvSys | .81t | 8.9 | 9 | 638 | 9½ | d8¾ | 9⅛ | -¼ |
| 41⅛ | 25⅛ | AMD | | | 12 | 3345 | 27⅛ | 26⅝ | 26⅝ | -⅛ |
| 14⅛ | 6⅝ | Advest | .12 | 1.6 | | 55 | 7½ | 7⅛ | 7⅜ | -⅛ |
| 16¾ | 8⅝ | Aerflex | | | 10 | 54 | 10⅝ | 10⅛ | 10⅝ | |
| 39 | 27¼ | AetnLf | 2.64 | 7.4 | 30 | 1613 | 36⅛ | 35⅝ | 35⅝ | -⅝ |
| 58⅜ | 52⅞ | AetL | pf5.67e | 11 | | 1755 | 54 | 52¾ | 54 | +½ |
| 34½ | 15¾ | Ahmns | 1.20 | 4.8 | 11 | 705 | 25 | 24½ | 25⅛ | +¼ |
| 5⅞ | 2⅝ | Aileen | | | | 65 | 3 | 2⅞ | 2⅞ | |
| 48⅞ | 36½ | AirPrd | 1.20 | 2.6 | 10 | 345 | 45⅝ | 45½ | 45⅝ | +¼ |
| 30½ | 13 | AirbFrt | .60 | 3.2 | 11 | 95 | 19 | 18½ | 19 | -½ |
| 4¾ | 1⅞ | AlaMoa | .3e | 7.5 | | 20 | 4 | 3⅞ | 4 | +⅛ |
| 27⅛ | 21 | AlaP | pf2.97e | 12. | | 3 | 24½ | 24½ | 24½ | +⅛ |

Continued on Page 31

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 32

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

[illegible]

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 39½ | 27⅞ | Witco | 1 48 | 4 7 | 7 | 74 | 32 | 31⅞ | 31⅞ | -⅛ |
| 17⅞ | 9⅛ | WolvrW | 48 | 4 6 | 15 | 241 | 10⅛ | 10⅛ | 10⅛ | -⅛ |
| 27½ | 18⅞ | WoodPt | 72 | 3.3 | 15 | 145 | 21⅞ | 21½ | 21⅝ | +⅛ |
| 38⅝ | 29⅞ | Wolwth | 1 80 | 5 0 | 9 | 322 | 36⅛ | 35⅞ | 35⅞ | -½ |
| 54⅛ | 42½ | Wolw | pf2.20 | 4 4 | | 4 | 50½ | 50½ | 50½ | [illegible] |
| 5⅛ | 2⅞ | WrldAr | | | | 19 | 2⅞ | 2⅞ | 2⅞ | +⅛ |
| 60 | 45 | Wrigly | 1 80a | 3.3 | 10 | 19 | 54½ | 54⅛ | 54⅛ | -½ |
| 8⅞ | 3⅛ | Wurltzr | | | | 37 | 3⅞ | 3⅞ | 3⅞ | +⅛ |
| 25⅛ | 10⅝ | WyleLb | 32 | 2 5 | 9 | 94 | 12⅞ | 12⅞ | 12⅞ | +⅛ |
| 20½ | 16½ | Wynns | 60 | 3 4 | 7 | 63 | 17⅞ | 17⅞ | 17⅞ | |

X-Y-Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 52⅞ | 33⅛ | Xerox | 3 | 7 8 | 11 | 3569 | 38⅝ | 37⅞ | 38⅝ | +1⅛ |
| 50½ | 45⅛ | Xerox | pf5 45 | 11 | | 9 | 48⅛ | 48⅛ | 48⅛ | |
| 36⅞ | 19 | XTRA | | 3 1 | 8 | 493 | 20⅝ | 20⅞ | 20⅝ | |
| 31⅞ | 24 | ZaleCp | 1.32 | 4 7 | 9 | 16 | 28 | 27⅞ | 27⅞ | -⅛ |
| 24⅝ | 15⅛ | Zapata | 84 | 5 1 | 13 | 1794 | 16⅝ | 16½ | 16½ | -⅛ |
| 49 | 28⅛ | Zayre | .40b | 9 | 12 | 939 | 45⅞ | 45⅞ | 45⅛ | +½ |
| 38⅝ | 20 | ZenithE | | | 7 | 765 | 21⅞ | 20⅞ | 20⅞ | -⅛ |
| 27⅞ | 18 | Zero | 40 | 1 9 | 15 | 200 | 21⅛ | 20⅞ | 20⅞ | -⅛ |
| 30½ | 21⅞ | Zurnin | 1 32 | 5 0 | 11 | 287 | 26⅝ | 26⅛ | 26⅛ | |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| Dec. 12 | Price Schs. | + or — |
|---|---|---|
| Creditanstalt | 226 | ..... |
| Goesser | 331 | —1 |
| Interunfall | 397 | +1 |
| Laenderbank | 226 | ..... |
| Perlmooser | 359 | ..... |
| Steyr-Daimler | 162 | ..... |
| Veitscher Mag | 244 | ..... |

## BELGIUM/LUXEMBOURG

| Dec. 12 | Price Frs. | + or — |
|---|---|---|
| B.B.L. | 1,850 | —5 |
| Banq. Int. A. Lux | 5,500 | ..... |
| Bekaert B | 4,360 | —30 |
| Ciment CBR | 2,490 | —5 |
| Cockerill | 275 | —2 |
| Delhaize | 5,600 | ..... |
| EBES | 2,855 | —10 |
| Electrobel | 8,610 | —20 |
| Fabrique Nat | 2,070 | —25 |
| GB Inno BM | 3,130 | —20 |
| GBL (Brux) | 2,100 | —40 |
| Gevaert | 3,550 | +50 |
| Hoboken | 6,030 | —20 |
| Intercom | 2,150 | —30 |
| Kredietbank | 7,500 | ..... |
| Pan Hldgs | 9,900 | ..... |
| Petrofina | 7,120 | —10 |
| Royale Belge | 10,500 | .. |
| Soc. Gen. Banq | 3,420 | —30 |
| Soc. Gen. Belge | 1,820 | —10 |
| Sofina | 7,560 | —20 |
| Solvay | 4,180 | —10 |
| Stanwick Intl. | 1,430 | .. |
| Tractionel | 3,900 | —20 |
| UCB | 4,980 | —10 |
| Wagon Lits | 2,500 | ... |

## DENMARK

| Dec. 12 | Price Knr % | + or — |
|---|---|---|
| Andelsbanken | 279 | —1 |
| Baltic Skand | 555 | ..... |
| CopHandelsbank | 279 | —2 |
| D. Sukkerfab | 510 | ..... |
| Danske Bank | 281 | +5 |
| De Danske Luft | 1,055 | ..... |
| East Asiatic | 163 | ..... |
| Forenede Brygg. | 760 | ..... |
| Forenede Damp. | 99 | —1 |

## GERMANY

| Dec. 11 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef. | 102.7 | —0.2 |
| Allianz Vers. | 991 | —29 |
| BASF | 177 | —0.8 |
| Bayer | 186.6 | —0.3 |
| Bayer-Hypo | 319 | +1 |
| Bayer-Verein | 326 | —1 |
| BHF-Bank | 273 | +3 |
| BMW | 372.5 | —0.5 |
| Brown Boveri | 199.5 | —0.7 |
| Commerzbank | 169.5 | —0.8 |
| Cont'l. Gummi | 114 | —1 |
| Daimler-Benz | 579 | —0.3 |
| Degussa | 346 | —2 |
| D'sche Babcock | 145 | ... |
| Deutsche Bank | 378.2 | —0.8 |
| Dresdner Bank | 188.8 | —1.7 |
| GHH | 153 | ..... |
| Hochtief | 474 | —1 |
| Hoechst | 186.2 | —0.2 |
| Hoesch Werke | 98.4 | .. |
| Holzmann (P) | 374 | —2.6 |
| Horten | 180.5 | —1 |
| Hussel | 285 | —4.5 |
| Karstadt | 247.5 | —0.5 |
| Kaufhof | 231 | ..... |
| KHD | 255 | +0.5 |
| Kloeckner | 68.7 | +0.1 |
| Linde | 388 | +5 |
| Lufthansa | 179 | —0.9 |
| MAN | 145 | —0.8 |
| Mannesmann | 146 | —0.5 |
| Mercedes Hld. | 515.5 | ..... |
| Metallgesell | 216.5 | —0.5 |
| Munech Rueck | 1050 | —50 |
| Nixdorf | 515 | —2 |
| Porsche | 1011 | —31 |
| Preussag | 255 | +1.5 |
| Rhein West Elect | 164.3 | +0.3 |
| Rosenthal | 248 | ..... |
| Schering | 425 | +0.5 |
| Siemens | 453 | —1.2 |
| Thyssen | 79.6 | +1.6 |
| Varta | 172 | —1.8 |
| Veba | 170 | —1.2 |
| V.E.W. | 122 | +0.3 |
| Verein-West. | 293 | +1 |
| Volkswagen | 199.5 | +1.5 |

## NORWAY

## SPAIN

## SWEDEN

## ITALY

## NETHERLANDS

## SWITZERLAND

## AUSTRALIA

## AUSTRALIA (continued)

## HONG KONG

## JAPAN

## FRANCE

## JAPAN (continued)

| Dec. 12 | Price Yen | + or — |
|---|---|---|
| MHI | 243 | —3 |
| Mitsui Co | 336 | +1 |
| Mitsui Estate | 672 | —11 |
| Mitsukoshi | 348 | —1 |
| NGK Insulators | 955 | —20 |
| Nihon Cement | 210 | +5 |
| Nippon Denso | 1,390 | —10 |
| Nippon Elect | 1,230 | —20 |
| Nippon Express | 343 | —3 |
| Nippon Gakki | 1,530 | —50 |
| Nippon Kokan | 159 | .. |
| Nippon Oil | 888 | —3 |
| Nippon Seiko | 668 | —5 |
| Nippon Shimpan | 631 | —1 |
| Nippon Steel | 146 | ..... |
| Nippon Suisan | 331 | —1 |
| NTV | 12,500 | ..... |
| Nippon Yusen | 247 | —4 |
| Nissan Motor | 608 | —8 |
| Nisshin Flour | 494 | —7 |
| Nisshin Steel | 167 | —1 |
| Nomura | 850 | —19 |
| Olympus | 1,120 | —20 |
| Orient Leasing | 3,360 | —20 |
| Pioneer | 2,640 | —30 |
| Renown | 650 | —9 |
| Ricoh | 974 | —20 |
| Sankyo | 865 | —5 |
| Sanyo Elect | 454 | —3 |
| Sapporo | 392 | —6 |
| Sekisui Prefab | 562 | —7 |
| Seven-Eleven | 6,900 | —50 |
| Sharp | 1,050 | —20 |
| Shimadzu | 838 | +27 |
| Shionogi | 666 | ..... |
| Shiseido | 1,120 | —30 |
| Sony | 3,580 | +70 |
| Stanley | 665 | —9 |
| S'tomo Bank | 1,700 | —90 |
| S'tomo Elect | 959 | —14 |
| S'tomo Marine | 639 | —21 |
| S'tomo Metal | 148 | ..... |
| Taihei Dengyo | 480 | —8 |
| Taisei Corp | 204 | +1 |
| Taisho Pharm | 935 | ..... |
| Takeda | 748 | +8 |
| TDK | 4,950 | —170 |
| Teijin | 420 | +5 |
| Teikoku | 562 | ..... |
| Tokyo Marine | 703 | —10 |
| TBS | 780 | —8 |
| Tokyo Elect Pwr | 1,380 | —33 |
| Tokyo Gas | 165 | +3 |
| Tokyo Sanyo | 681 | +8 |
| Tokyo Style | 696 | —3 |
| Tokyu Corp | 281 | ..... |
| Toppan Print | 874 | —8 |
| Toray | 420 | —4 |
| Toshiba Elect | 427 | +7 |
| TOTO | 625 | +5 |
| Toyo Seikan | 825 | ..... |
| Toyota Motor | 1,220 | ..... |
| Victor | 1,880 | —30 |
| Wacoal | 730 | —5 |
| Yamaha | 753 | —28 |
| Yamanouchi | 1,880 | +30 |
| Yamazaki | 724 | —1 |
| Yasuda Fire | 359 | —1 |
| Yokogawa Bdge. | 480 | +40 |

## SINGAPORE

| Dec. 12 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs. | 1.79 | —0.04 |
| Cold Storage | 2.6 | —0.01 |
| DBS | 5.95xa | —0.05 |
| Genting | 4.96 | —0.02 |
| Haw Par. Bros. | 2.13 | —0.01 |
| Hong Leong Fin. | 3.04 | —0.04 |
| Inchcape Bhd. | 2.46 | —0.01 |
| Keppel Shipyard | 1.63 | —0.03 |
| Malay Banking | 5.85 | ..... |
| Malay Utd. Ind | 2.40 | ..... |
| Multi Purpose | 0.95 | +0.02 |
| OCBC | 9.0 | —0.05 |
| OUB | 3.94 | —0.06 |
| Public Bank | 1.75 | —0.05 |
| Sime Darby | 1.87 | —0.03 |
| Straits Trdg | 4.72 | —0.04 |
| Tat Lee Bk. | 2.91 | —0.02 |
| UOB | 4.36 | —0.02 |

## SOUTH AFRICA

| Dec 12 | Price Rand | + or — |
|---|---|---|
| Abercom | 1.4 | +0.1 |
| AE&CI | 7.95 | —0.05 |
| Anglo Am Coal | 40 | —0.25 |
| Anglo Am Corp | 23.3 | —0.3 |
| Anglo Am Gold | 163.5 | +0.5 |
| Barclays Bank | 17.5 | ..... |
| Barlow Rand | 10.85 | —0.05 |
| Buffels | 75.25 | —1.75 |
| CNA Gallo | 2.65 | ..... |
| Currie Finance | 4.4 | ..... |
| De Beers | 6.17 | ..... |
| Driefontein | 50 | ..... |
| FS Geduld | 49.5 | —1 |
| Gold Fields SA | 28 | ..... |
| Highveld Steel | 3.6 | —0.2 |
| Nedbank | 12.4 | ..... |
| OK Bazaars | 15.5 | —0.25 |
| Protea Hldns | 18 | ..... |
| Rembrandt | 31 | ..... |
| Rennies | 14.25 | ..... |
| Rust Plat | 15.1 | ..... |
| Sage Hldgs | 7.4 | ..... |
| SA Brews | 6.95 | +0.05 |
| Smith (CG) | 23 | ..... |
| Tongaat Hulett | 7.6 | ..... |
| Unisec | 5.1 | ..... |

## OVER-THE-COUNTER

*Nasdaq national market, closing prices*

## LONDON

**Chief price changes**
(In pence unless otherwise indicated)

### RISES

| | | |
|---|---|---|
| Assoc. Paper | 186 | +10 |
| Bagg. Brick | 220 | +18 |
| Baltic Leasing | 240 | +15 |
| Blue Arrow | 106 | +10 |
| Brengreen | 56½ | +4½ |
| Burmah Oil | 223 | +6 |
| Centreway Trust | 135 | +35 |
| Coates Bros. A | 135 | +10 |
| Gee (Cecil) | 180 | +15 |
| Invent Energy | 590 | +25 |
| McLeod Russel | 355 | +17 |
| Man. Agency | 154 | +12 |
| Milford Docks | 43 | +11 |
| Reed Int'l | 526 | +14 |
| Sun Oil Rylty. | 160 | +16 |
| Tarmac | 526 | +10 |
| Tunstall Telecom | 335 | +33 |

### FALLS

| | | |
|---|---|---|
| Tr. 13½pc 04-08 | £128⅛ | —£⅞ |
| Beecham | 368 | —12 |
| Boots | 188 | —10 |
| Bulmer (H.P.) | 153 | —12 |
| Dubilier | 188 | —6 |
| Fisons | 268 | —7 |
| Haslemere Est$. | 506 | —12 |
| NSS News | 110 | —6 |
| Pilkington | 293 | —12 |
| Racal | 256 | —6 |
| Sumrie Clothes | 73 | —10 |
| TI | 232 | —6 |
| Utd. Scientific | 205 | —7 |

Continued on Page 33

## CANADA

### TORONTO
*Closing prices December 12*

### MONTREAL
*Closing prices December 12*

# AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

# WORLD STOCK MARKETS

## OVER-THE-COUNTER

Continued from Page 32

| Stock | | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| Intdyn | | 55 | 9¼ | 8¾ | 8¾ | -¼ |
| IntrFk | 16 | 2 | 7⅞ | 7⅞ | 7⅞ | |
| Intrtec | | 42 | 5⅞ | 5⅞ | 5⅞ | +¼ |
| Intgrph | | 4162 | 51 | 48½ | 48¾ | -2¾ |
| Intmgn | | 175 | 5½ | 5⅜ | 5⅜ | +⅛ |
| Intmec | | 84 | 14¼ | 13⅞ | 14 | +⅛ |
| Ingmaer | | 12 | 6 | 6 | 6 | -¼ |
| IntCapE | | 41 | 2⅞ | 2⅞ | 2⅞ | |
| IntCln | | 275 | 11¼ | 11 | 11 | -¼ |
| IGame | | 299 | 13½ | 13¼ | 13⅞ | +⅛ |
| IntKng | t | 27 | 15⅞ | 15¼ | 15¼ | |
| IntLse s | | 22 | 11½ | 11½ | 11½ | |
| InMobl | | 421 | 6⅝ | 6⅝ | 6⅝ | +⅛ |
| IRIS | | 891 | 1⅛ | 1 | 1⅛ | |
| IT Corp | | 79 | 17 | 16½ | 16½ | -½ |
| IntTotal | | 113 | 4⅛ | 3⅞ | 3⅞ | -⅛ |
| Iomega | | 631 | 7⅝ | 7 | 7⅝ | +⅛ |
| Isomdx | | 22 | 11¼ | 11¼ | 11¼ | |
| Itel | | 2319 | 5½ | 5¼ | 5½ | +⅛ |
| **J—J** | | | | | | |
| JBRest | .24 | 26 | 14⅛ | 14⅛ | 14⅛ | |
| Jackpot | 1 | 84 | 4⅛ | 3⅞ | 3⅞ | -¼ |
| JackLfe | | 91 | 28¼ | 28⅛ | 28¼ | |
| JamWtr | | 97 | 17½ | 16¾ | 17½ | +½ |
| JefMart | | 497 | 6⅝ | 6¼ | 6½ | -¼ |
| Jerico | .12 | 1523 | 15½ | 14⅞ | 15½ | +½ |
| Jiffy s | | 129 | 7-16 | ⅜ | 16+1 | -16 |
| JhnAm | .30a | 86 | 8 | 7⅞ | 7⅞ | +⅛ |
| Jonicbl | t | 160 | 3⅞ | 3⅝ | 3⅞ | +¼ |
| Jonel A | t | 47 | 3½ | 3⅜ | 3⅜ | -¼ |
| Josphsn | .50 | 61 | 7½ | 7⅛ | 7¼ | |
| Juno | | 213 | [illegible] | [illegible] | [illegible] | [illegible] |

## Indices

### NEW YORK-DOW JONES

| | Dec 12 | Dec 11 | Dec 10 | Dec 7 | Dec 6 | Dec 5 | 1984 High | 1984 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,175.13 | 1,178.33 | 1,172.26 | 1,163.21 | 1,170.49 | 1,171.60 | 1286.64 (6/1) | 1086.57 (24/7) | 1287.70 (19/11/83) | 41.22 (2/7/32) |
| Transport | 530.78 | 526.24 | 525.58 | 522.70 | 522.25 | 520.28 | 612.63 (9/1) | 444.83 (25/7) | 612.63 (9/1/84) | 12.32 (6/7/32) |
| Utilities | 144.80 | 144.54 | 144.54 | 144.65 | 145.16 | 144.89 | 148.39 (6/11) | 122.25 (15/5) | 163.72 (20/4/69) | 10.5 (28/4/42) |
| Trading vol | - | 80.24m | 81.14m | 81.00m | 96.56m | 88.70m | – | – | – | – |

| | Dec 7 | Nov 30 | Nov 23 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 5.04 | 4.92 | 4.79 | 4.47 |

### STANDARD AND POORS

| | Dec 12 | Dec 11 | Dec 10 | Dec 7 | Dec 6 | Dec 5 | 1984 High | 1984 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 181.68 | 182.31 | 182.85 | 181.45 | 181.95 | 181.26 | 191.48 (6/11) | 167.74 (24/7) | 194.84 (10/10/83) | 3.62 (30/6/32) |
| Composite | 162.62 | 163.87 | 162.83 | 162.26 | 162.76 | 162.10 | 170.41 (6/11) | 147.82 (24/7) | 172.15 (10/10/83) | 4.40 (1/6/32) |

| | Nov 28 | Nov 14 | Nov 7 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 4.12 | 4.07 | 3.95 | 3.72 |
| Ind. P/E Ratio | 10.60 | 10.69 | 10.89 | 14.43 |
| Long Gov Bond Yield | 11.37 | 11.71 | 11.57 | 11.49 |

### N.Y.S.E ALL COMMON

| Dec 12 | Dec 11 | Dec 10 | Dec 7 | 1984 High | 1984 Low |
|---|---|---|---|---|---|
| 93.79 | 94.80 | 93.81 | 93.52 | 98.12 (6/11) | 85.13 (24/7) |

### RISES AND FALLS

| | Dec 11 | Dec 10 | Dec 7 |
|---|---|---|---|
| Issues traded | 2,003 | 2,020 | 1,999 |
| Rises | 845 | 776 | 678 |
| Falls | 664 | 756 | 806 |
| Unchanged | 494 | 488 | 518 |

### TORONTO

| | Dec 12 | Dec 11 | Dec 10 | Dec 7 | 1984 High | 1984 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 1,863.97 | 1,873.8 | 1,856.5 | 1,853.55 | 2524.4 (12/1) | 1641.2 (25/7) |
| Composite | 2,341.77 | 2,349.5 | 2,347.1 | 2,352.12 | 2585.7 (6/1) | 2079.7 (24/7) |
| MONTREAL Portfolio | 116.49 | 116.89 | 116.59 | 116.77 | 126.83 (10/1) | 100.36 (24/7) |

* Indicates pre-close figure

### New York Active Stocks

| | Stocks Traded | 3.00p.m. Price | Change on Day | | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|---|---|---|---|
| Union Carb | 1,559,200 | 35⅞ | + ⅛ | Exxon | 846,500 | 44 | – ⅛ |
| ATT | 1,524,900 | 18⅝ | – ½ | ITT Corp | 734,200 | 30⅞ | + ⅛ |
| Nowst Ind | 1,259,700 | 48 | – ¼ | Sperry CP | 720,500 | 39⅛ | – ½ |
| Ga-Pacific | 1,171,600 | 23¾ | – ½ | Pioneer CP | 619,400 | 29⅞ | + ⅞ |
| Phil Pete | 1,024,900 | 51½ | + 1⅛ | CNA Fin | 614,000 | 28⅞ | – ⅛ |

Advances 678 Declines 770

| | Dec. 12 | Dec. 11 | Dec. 10 | Dec. 7 | 1984 High | 1984 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 721.5 | 725.7 | 724.2 | 726.5 | 787.9 (8/1) | 646.5 (18/6) |
| Metals & Minls. (1/1/80) | 413.7 | 417.4 | 419.6 | 422.9 | 567.4 (3/1) | 404.9 (24/7) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 58.84 | 58.78 | 58.69 | 57.74 | 58.98 (6/12) | 53.20 (15/6) |
| **BELGIUM** | | | | | | |
| Belgian SE (31/12/63) | 158.31 | 158.42 | 159.32 | 159.5 | 165.08 (25/10) | 135.28 (4/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 166.47 | 167.41 | 167.31 | 166.42 | 225.21 (20/1) | 161.78 (17/10) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 108.4 | 181.0 | (u) | 181.7 | 185.0 (26/10) | 155.6 (3/1) |
| Ind Tendance (30/12/83) | 120.0 | 120.1 | 119.5 | 120.7 | 121.7 (26/11) | 89.4 (5/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 375.10 | 376.79 | 372.82 | 375.44 | 377.44 (4/12) | 317.17 (25/7) |
| Commerzbank (1/12/53) | 1087.1 | 1088.0 | 1087.0 | 1092.5 | 1102.7 (4/12) | 917.7 (25/7) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1117.83 | 1118.58 | 1115.01 | 1122.12 | 1170.35 (19/3) | 746.02 (13/7) |
| **ITALY** | | | | | | |
| Banca Comm Ital. (1972) | 215.48 | 215.84 | 214.66 | 214.79 | 229.57 (1/2) | 192.06 (2/1) |
| **JAPAN**** | | | | | | |
| Nikkei Dow (16/5/49) | 11382.5 | 11250.8 | 11316.9 | 11466.9 | 11577.4 (4/12) | 9705.55 (23/7) |
| Tokyo SE New (4/1/68) | 879.05 | 869.21 | 874.90 | 884.27 | 884.93 (6/12) | 750.45 (4/1) |
| **NETHERLANDS** | | | | | | |
| ANP-CBS General (1970) | 178.4 | 178.5 | 178.1 | 178.6 | 182.1 (22/10) | 146.8 (25/7) |
| ANP-CBS Indust (1970) | 141.5 | 141.0 | 140.8 | 141.4 | 147.2 (1/2) | 116.7 (18/6) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 288.15 | 285.72 | 281.65 | 280.49 | 296.70 (9/5) | 221.67 (4/1) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 811.50 | 817.56 | 821.65 | 818.45 | 1071.91 (8/3) | 785.26 (21/11) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | (u) | 997.3 | 1055.0 | 1024.0 | 1099.0 (14/11) | 738.1 (24/7) |
| Industrial (1958) | (u) | 952.8 | 956.8 | 959.9 | 1105.5 (26/3) | 853.5 (19/9) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/83) | 137.62 | 137.68 | 136.99 | 135.13 | 154.51 (8/10) | 102.02 (5/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 1569.10 | 1574.81 | 1588.83 | 1576.89 | 1594.5 (3/2) | 1302.98 (22/11) |
| **SWITZERLAND** | | | | | | |
| SwissBank Cpn. (31/12/58) | 383.9 | 385.4 | 386.0 | 385.7 | 388.5 (3/5) | 354.5 (25/7) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | — | 188.4 | 185.5 | 183.4 | 190.6 (3/5) | 183.4 (5/12) |

**Saturday December 8: Japan Nikkei-Dow (c) TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500 NYSE All Common—50, Standard and Poors—10 and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. (u) Unavailable.

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**Cambs. c.£22,000 + car + equity etc.**

Our client is a successful, expanding British company that manufactures high technology products. The products are sold world-wide.

The group financial controller has overall responsibility for financial reporting, treasury and tax planning. In particular there is a requirement to coordinate the financial activities of overseas subsidiary companies, requiring the successful candidate to undertake some international travel.

Candidates should be aged 35 to 45 and be chartered or certified accountants. In particular, candidates must have substantial financial management experience in a multi-location manufacturing environment.

The position includes the post of financial director of one of the key subsidiary companies.

This is a career opportunity in a lively and energetic organisation. Interviews will be held in January.

Please write, in confidence, to Michael Ping enclosing a detailed CV, quoting reference F/904/P.

E&W Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London, SE1 7EU

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## Financial Controller

**Bucks** **£20,000 plus car**

For the UK headquarters of a multi-million pound group with diverse interests in the manufacture, import and export of a nationally-known range of consumer products.

You will report to the Financial Director and have particular responsibility for the financial and management accounting and systems development of one division. Your work will involve extensive contact with senior marketing and production management, and there will be a real opportunity to contribute to the commercial direction of the business.

Probably in your thirties, you will be a qualified accountant with commercial or industrial experience gained in a substantial group.

Write in confidence to EH Simpson, quoting ref. S343, at 10 Bolt Court, London EC4 (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

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A growing manufacturing firm in the steel industry located in Jeddah, Saudi Arabia, requires a qualified

## CHIEF ACCOUNTANT

Qualifications required:
- Degree in accounting
- C.P.A. (USA) or C.A. (UK) certificate required
- A minimum of 10 years working experience in a manufacturing firm
- Knowledge of Arabic would be an additional qualification

The successful candiate will receive the following:
1. An attractive monthly salary (Tax free).
2. Free housing and free transportation.
3. Free medical treatment.
4. Fully paid 30 days vacation along with a two-way ticket to and from his hometown.

Interested applicants are requested to send their VC.s to the following address:

Steel Rolling Co. (Sulb)
STEEL ROLLING CO. (SULB)
P.O. Box 1826
Jeddah, Saudi Arabia
Attention: GENERAL MANAGER

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**Ambitious young CA for**

## CHIEF ACCOUNTANT ROLE

**– US High-tech major –**

**Berkshire** **from £18,000+car**

Our client is one of the world's largest and most successful computer companies, leader in micro-computer manufacture, advanced computer applications and development.

To further strengthen their Financial Operations function, they wish to appoint a Chartered Accountant to a senior management position within an established team to take full responsibility for major aspects of financial accounting, reporting and control, together with the supervision and direction of a staff of 24.

This demanding and challenging role will provide high-level exposure to senior UK, European and Corporate management and the incumbent can expect to be groomed for early career development.

In addition to strong technical and interpersonal skills, the successful candidate, ideally aged 28-35, will have an excellent track record of achievement to date, which is likely to include sound experience of financial and operational accounting in a progressive, highly-computerised environment.

Comprehensive relocation facilities are available and the company provides an excellent range of benefits. Interested candidates should telephone **Neil Wax**, Consultant to the Company, on **01-387 5400** (out-of-hours on 0923 43033) for a confidential exchange of information or write with full career details to:

FINANCIAL SELECTION SERVICES
DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H OAN
TELEPHONE: 01-387 5400

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## Executive Appointments

**from £17,000 to £70,000 p.a.**

Are you seeking a new job? If so, we can help you.

We assess your marketability, identify career objectives, design a marketing plan, and work with you to obtain your next top job.

With our unrivalled technological information systems and the widest network of contacts in Europe we also help identify unadvertised vacancies.

We have the most successful record in our field. That is why top executives use our services — that is why only we offer a success-related fee structure.

An initial meeting is free. Contact us today.

Connaught
Executive Management Services Ltd,
32, Savile Row, London W1 01-734 3879

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**INTERNATIONAL ADVERTISING**

**Financial Controller**

Qualified, 25-30, exp. top 20 firms, versed in computers.

Attractive salary, board potential.

**Attractive salary, board potential**

**Katy Gorsuch, 01-629 4965**

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## FINANCIAL CONTROLLER

The Signal Lux Group, with a turnover of DM50m and manufacturing plants in France, Italy, Germany and England, is looking for a person to take charge of the Group's financial planning and control.

Applicants will have at least three years' experience in a similar international group and must be multilingual, with fluency in English and French a necessity.

The successful applicant will be based at Villé (Strasbourg), France and will make regular visits to all group companies.

Applications with c.v. to be sent to:

Direction Générale
Eurolux s.a.r.l.,
6 Rue de la Gare,
67220 Villé,
Strasbourg,
France.

# Accountancy Appointments

# Accountancy Appointments







## Company Notices

### Ford

### BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 11 October 1984, NOTICE is now given that the following DISTRIBUTION will become payable on or after 14 December 1984.

| | | |
|---|---|---|
| Gross Distribution per Unit | | 2.00 cents |
| Less 15% U.S.A. Withholding Tax | | 0.30 cents |
| | | 1.70 cents |
| Converted at $1.215 | = | 0.01399171 |

Claims should be lodged with the DEPOSITARY: National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2 on special forms obtainable from that Office.

United Kingdom Banks and Members of The Stock Exchange should mark payment of the dividend in the appropriate square on the back of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificate(s) for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

10th December, 1984

### GOPENG BERHAD

*(Incorporated in Malaysia)*

**Declaration of Interim Dividend**

Notice is hereby given that a second interim dividend of M$0.10 per share in respect of the year ending December 31, 1984 will be payable (less Malaysian Income Tax at 40%) at January 31, 1985 to shareholders registered at the close of business on January 24, 1985.

On behalf of the Board
Mohamed Hamdan Bin Hazizi, *Chairman*
December 4, 1984

*RECTIFICATION NOTICE*

**REFINERIA DE PETROLEOS DEL NORTE S.A. PETRONOR**

LOAN OF US$15,000,000 8¼% 1971-1986

We inform Bondholders that the US$1,500,000 redemption instalment due on December 30, 1984 was partly met by purchases in the market.

For the redemption of the remaining amount of US$537,000 due, a draw by lot took place in the presence of Madame Jeanne Housse, notary public in Luxembourg.

Consequently, the 537 bonds of U S $1,000 numbered:
9045 to 11983 inclusive
taking account of numbers already drawn for preceding instalments, will be redeemable at par, coupons at December 30, 1985 and subsequent attached, as from December 30, 1984, date at which they will cease to bear interest

Redemption and payment of interest will take place at the following Banks: Credit Lyonnais, Luxembourg; Credit Lyonnais, Paris; Credit Lyonnais, New York; Credit Lyonnais, Brussels; Credit Commercial de France, Paris; Kredietbank S.A. Luxembourgeoise, Luxembourg; Kredietbank N.V., Brussels; Commerzbank A.G., Frankfurt; Banco di Roma, Rome—Amsterdam-Rotterdam Bank N.V., Amsterdam; Banco de Bilbao, Bilbao; Banco de Vizcaya, Bilbao

The following notes drawn during 1983 have not yet been presented for reimbursement:
7671 to 7810, 7911 to 7920, 7941 to 7955, 7981 to 7990, 8036 to 8039, 8050 to 8051, 8068 to 8071, 8825 to 8834, 9006 to 9014.

Amount not yet redeemed after this thirteenth instalment:
US$3,700,000

*The Fiscal Agent*
CREDIT LYONNAIS-LUXEMBOURG

**THE UNION STORAGE OF SOUTH AFRICA LIMITED**
(Incorporated with limited liability in the Republic of South Africa)
DIVIDEND No. 36

NOTICE IS HEREBY GIVEN that Dividend No 36 of 50 cents per share has been declared payable to shareholders registered in the books of the company at the close of business on 28 December 1984.

The dividend is declared in the currency of the Republic of South Africa and warrants in payment will be posted on or about 24 January 1985 from the Head Office and the London Office.

Payment from the London Office will be made in United Kingdom currency at the rate of exchange between the two currencies at which the funds to meet payment from the London Office will be remitted on 3 January 1985.

A Non-Resident Shareholders' Tax of 15% will be deducted from dividends payable to shareholders whose addresses in the Share Registers are outside the Republic of South Africa. Warrants despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to deduction of United Kingdom Income Tax at a rate to be arrived at after allowing for relief in respect of overseas taxation.

By Order of the Board
AFRICAN FINANCE CORPORATION (U.K.) LIMITED
London Secretaries
per: A. W. Bradshaw

London Office:
20 Southampton Place,
London WC1A 2BQ.
13 December 1984.

**J. A. DEVENISH plc**

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS RELATIVE to the Company's Ordinary Shares will be closed from 10th January, 1985 to 22nd January, 1985 (both dates inclusive) for the preparation of Dividend Warrants payable on 24th January, 1985.

By Order of the Board,
J. A. LUTHWAITE,
Director and Secretary.

Trinity House,
15, Trinity Street,
Weymouth.
5th December, 1984.

**H. J. HEINZ & CO.**

NOTICE IS HEREBY GIVEN that the Tranfer books of the 5¼% Debenture Stock 1976/85, of this Company will be closed from the close of business on 17 January 1985 and will not re-open.

Hayes Park,
Hayes,
Middlesex.

To the Holders of

**RPM FINANCE N.V.**

8¼% Convertible Subordinated Guaranteed Debentures Due June 28, 1993 (RPM, Inc., Guarantor)

NOTICE OF ADJUSTMENT IN CONVERSION RATE

In accordance with Paragraph 10(d) (vii) of the above Debentures, you are hereby notified of an adjustment in the conversion rate at which the Debentures may be converted into Common Shares of the Guarantor, RPM, Inc.

On October 16, 1984, the Board of Directors of RPM, Inc. declared a five for four share split, payable in the form of a 25% share dividend and payable on November 30, 1984 to holders of Common Shares of record on November 16, 1984. As a result of this dividend, the conversion rate on the Debentures increased as of November 30, 1984 from 61.728395 Common Shares for each $1,000 principal amount of Debentures to 77.160494 Common Shares for each $1,000 principal amount of Debentures.

RPM, INC.

Dated: December 13, 1984

**NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs") IN FUJITSU LIMITED**

NOTICE IS HEREBY GIVEN that Fujitsu Limited paid a dividend of Yen 4 gross per share on 30th November 1984 to shareholders as of record date 30th September 1984. This dividend has been converted to US Dollars and amounts to US Dollars 16.18 gross per EDR.

Accordingly, Kleinwort, Benson Limited as Depositary informs holders of EDRs that they should claim their dividends by presenting Coupon No. 9 on or after 17th December 1984 at the office of the Depositary, KLEINWORT, BENSON LIMITED, 20 Fenchurch Street, London EC3P 3DB; MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Avenue des Arts 35, 1040 Brussels; or BANQUE INTERNATIONALE A LUXEMBOURG S.A., 2 Boulevard Royal, Luxembourg.

Coupons must be left for 3 clear business days for examination and may be presented on any week day (Saturdays and public holidays excepted) during normal business hours.

Japanese withholding tax at the rate of 20 per cent. will be deducted from the gross value of all dividends paid unless the EDR holder lodges, in a form acceptable to the Depositary, an affidavit of residence in a country having a tax treaty or agreement with Japan providing for a lower rate of withholding tax in which case such lower rate will be applied.

The difference between the amount of withholding tax deducted and the standard rate of income tax payable in the United Kingdom will also be deducted from all dividends paid in the United Kingdom unless holders of EDRs furnish the Depositary with the usual affidavits of non-residence in the United Kingdom.

KLEINWORT, BENSON LIMITED
London, Depositary.

London,
12th December 1984.

**BRAZILIAN INVESTMENTS S.A.**

SOCIEDADE DE INVESTIMENTO DECRETO LEI No. 1401

INTERNATIONAL DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST COMPANY OF NEW YORK

A final dividend of US$133.68 net per IDR of the first series and US$98.82 net per IDR of the second series, in respect of the period ended 30th September 1984 will be payable on or after 30th November 1984 upon presentation of Coupon No 18 (first series) and No 13 (second series) at the offices of:
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
—Brussels, 35 avenue des Arts
—London, 1 Angel Court
—New York, 15 Broad Street
representing a gross dividend of 5.327 per cent cruzeiro share less Brazilian withholding tax of 15 per cent and expenses of US$0.505 per IDR (first and second series).

**JAPANESE GOVERNMENT**

6% STERLING LOAN 1983/88

The Bank of Tokyo Ltd. are instructed by the Japanese Government that the coupons due 31st December, 1984, No. 43 will be paid on and after 31st December, 1984.

They should be presented for payment at The Bank of Tokyo, Ltd., 20/24 Moorgate, London EC2R 6DH, listed on the forms provided between the hours of 10 a.m. and 2 p.m. They must be left at least five clear days for examination prior to payment.

Coupons cannot be accepted through the post.

TH BANK OF TOKYO LTD.
London
(Fiscal Agent)

13th December, 1984.

**NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN PIONEER ELECTRONIC CORPORATION**

Advice has been received from Tokyo that the 38th Ordinary General Meeting of Shareholders will be held in Tokyo on 20th December, 1984

Copies of the full text of the notice convening the meeting are available if required.

Depositary:
Bank of Tokyo Trust Company,
London.

Agent:
Bank of Tokyo (Luxembourg) S.A.,
Luxembourg.

13th December, 1984.

## Legal Notices

Company No. 1412348
Registered in England
IN THE MATTER OF
THE COMPANIES ACTS, 1948 TO 1981
AND IN THE MATTER OF
FILEMILL LIMITED
Registered Office and Business Address:
65 Apsley Road, London SE25 4XT

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a MEETING of the CREDITORS of the above-named company will be held at Shelly House, 3 Noble Street, London EC2V 7DA, on Thursday, 20th December, 1984 at 12 noon for the purposes mentioned in Section 294 et seq of the Companies Act 1948.

Dated this 4th day of December, 1984.

By Order of the Board,
C. J. FINK,
Director.

هكذا من الأصل

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Monetary policy doubts unsettle Gilts and subdue business in equities

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov 26 | Dec 6 | Dec 7 | Dec 17 |
| Dec 10 | Dec 20 | Dec 21 | Jan 7 |
| Dec 24 | Jan 10 | Jan 11 | Jan 21 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

Doubts over the authorities' monetary policy subdued London stock markets yesterday but a constant stream of company trading statements kept busines ticking over. The effects of the November money supply figures, which took sterling M3 out of the target range, were particularly noticeable in the Gilt-edged market and less so in the equity sectors.

More favourable U.S. bond market trends were ignored and around mid-morning dealers in Government stocks encountered a fresh bout of selling. This suggested that investors were viewing with concern the uncertain outlook for Gilts, which could persist into the new year. A lower sterling/dollar rate—it fell to $1.1935 at one stage—was also a worry.

The pound's eventual rally to around $1.20 was of no comfort to traders and longer-dated Gilts settled at the day's lowest, showing losses stretching to ½ on Tuesday's 3.30 pm levels. Shorter maturities were more resilient and displayed only marginal falls, while index-linked issues continued to move against the trend. All stocks in the latter area finally recorded minor improvements.

Pharmaceutical stocks led the downturn in equities. Beecham and Boots, along with other issues were unsettled by revived fears that limitations would be imposed on the number of drugs doctors can prescribe on the NHS. Most other leading shares were only a few pence easier during the morning, but the decline accelerated later and the FT Ordinary share index closed 7.8 down at 922.3.

British Telecom continued to trade actively, but not on Tuesday's hectic scale. Institutional investors became more reserved after the previous day's exertions and BT fluctuated narrowly before ending the day a penny off at 95½p.

### C. E. Heath better

C. E. Heath featured a lethargic Insurance sector, rising 11 to 530p on revived speculative support. Composites, however, gave ground throughout the list with Sun Alliance, 423p, and GRE, 670p, down 7 and 8 respectively. Royals slipped 5 to 520p and Commercial Union softened a few pence at 176p.

Tuesday's bout of seasonal cheer for Breweries proved to be short-lived and, with the exception of Whitbread "A," 3 up at 207p, the leaders traded without distinction. Regionals also lacked a decided trend. Belhaven hardened the turn to 39p; the interim results will be announced next Monday. Elsewhere, cider makers H. P. Bulmer slumped 12 to 153p, after 151p, as the mid-term profits fell well short of market estimates. Irish Distillers, on the other hand improved a few pence to 148p on the increased preliminary profits.

Leading Building issues continued to attract light support and closed with modest gains. Tarmac rose 10 to 526p in a market short of stock, while Redland firmed 4 to 280p. Blue Circle added 3 to 468p, as did BPB Industries, to 270p. Secondary issues featured Baggeridge Brick which moved up 18 to 220p following the excellent annual results and encouraging statement. On the other hand, profit-taking in the wake of the interim statement left recently-firm James Latham 7 off at 283p. Elsewhere, McCarthy and Stone were quoted ex rights at 215p up 12; the 7 per cent Convertible opened at £5 premium and advanced to £10 premium.

ICI, a shade dearer at one stage on currency considerations, subsequently slipped back to close 4 cheaper on balance at 670p. Other Chemicals were virtually unchanged, but Coates Brothers Ordinary rose 13 to 140p and the "A" gained 10 to 135p following newsletter comment.

### Sumrie sold

Fears that last month's disappointing money supply figures may hinder any moves towards cheaper money in the foreseeable future unsettled leading Retailers. Prices, which had made good progress recently following excellent retail sales figures, lost ground across a broad front with Gussies "A," 660p, and Woolworth, 570p, down 8 and 7 respectively. Debenhams fell 5 to 211p; ten local authorities are to take legal action in an attempt to prevent the group opening on Sundays.

A number of noteworthy features emerged among secondary Stores. Sumrie Clothes reacted to fresh profit-taking and dipped to 68p before settling a net 10 cheaper at 73p. NSS Newsagents shed 6 to 110p despite annual results in line with expectations, while profit-taking left Dunhill 7 off at 265p. In contrast, revived speculative demand left Ratners 3 up at 51p, Body Shop International 20 dearer at 410p and Home Charm 6 better at 241p. Cecil Gee provided a late firm spot, rising to a 1984 peak of 185p before closing 15 up on balance at 180p following news of a bid approach.

Tunstall Telecom were outstanding in Electricals, rising 33 to 335p in response to the 25 per cent final dividend increase and doubled annual profits. Eurotherm moved up 8 afresh at 293p, while United Leasing, 333p, and Baltic Leasing, 240p, advanced 15 apiece. Scantronic found support at 198p, up 6 and A. and G. Securities edged forward a few pence to 83p. Dubilier, strong of late following bumper annual results, relinquished 6 to 188p on profit-taking. United Scientific gave up 7 to 205p following nervous offerings ahead of today's preliminary statement. The leaders drifted lower with the general market trend. Racal dipped 6 to 256p and Thorn EMI softened 5 at 465p. GEC cheapened 4 to 224p and Plessey softened a couple of pence to 214p.

Apart from TI, which drifted lower on scattered offering to close 6 off at 232p, leading Engineerings were rarely altered. Elsewhere, profit-taking clipped 5 from Baker Perkins, at 168p, but Birmingham Mint hardened a couple of pence to 220p following the good interim figures and proposed rights issue. Braithwaite, on the other hand, eased 2 to 128p on the half-year loss.

Tate and Lyle's better-than-expected annual profits and confident statement were greeted enthusiastically, but the price, after touching 450p on the announcement, drifted back to close a couple of pence cheaper on balance at 443p. Northern Foods' interim figures pleased and the close was 4 dearer on balance at 210p, after 214p. Other leading Foods trended easier with Unigate slipping 3 to 156p awaiting today's halftimer. Cadbury Schweppes settled a couple of pence off at 157p and Rowntree Mackintosh lost 4 to 374p following details of the group's reorganisation plan. Elsewhere, Freshbake attracted buyers and firmed 3 to 99p, while Glass Glover gained 8 to 253p in a restricted market.

Stakis touched 144p prior to closing 3 dearer at 142p following the good annual results. Other Hotel issues, firm on Tuesday following Ladbroke's surprise counter bid for Comfort, were virtually unchanged.

### Beecham down

Pharmaceutical shares turned downwards pending the outcome of talks with regard to the new Ministry of Health proposals for prescribing drugs. Nervous selling left Becham 12 lower at 368p, while Boots gave up 10 at 188p and Fisons 7 at 268p. Glaxo, however, were a relatively steady market at £10⅞, down ⅛. News of the proposed £104.8m rights issue, which accompanied the interim figures, prompted fresh dullness in Pilkington Bros., down 12 more at 293p. Reed International, however, were helped by a recent analysts visit and improved 14 further to 528p. Metal Box continued to attract buyers and put on 8 further at 378p. Johnson Matthey closed a couple of pence cheaper at 75p; dealings started in the new 8 per cent Convertible preference shares which opened at around 130p and closed at 140p. Blue Arrow responded to favourable Press mention with a rise of 10 to 106p, but West's Group, 63p, and Fobel, 35p, eased a penny and 2 respectively following trading statements. Brengreen rose 4½ to 56½p on the announcement that Hawley Group had recently acquired a near-15 per cent stake in the company. Occasional selling left Polly Peck 8 lower at 220p, while Aeronautical and General eased 7 to 338p awaiting further news of the bid approach. Jacksons Bourne End hardened 3 to 203p in response to satisfactory half-year results.

Among Leisure issues, Management Agency and Music jumped 12 to 154p on news that Chrysalis Group now holds a 5.6 per cent stake in the company. Aspinall Holdings rose 3 to 120p; the annual results are due on December 20.

Associated Paper advanced 10 to 168p as dealers expressed satisfaction with the increased annual profits and dividend. Further consideration of the full-year figures and proposed rights issue lifted Carlton Communications 5 for a two-day leap of 65 at 630p. John Waddington slipped 15 to 505p in late trading as Robert Maxwell appeared to concede defeat in his second attempt to gain control. BPCC firmed a couple of pence to 175p; the offer closes today.

Leading Properties traded quietly around overnight levels prior to settling a shade easier on balance. Haslemere Estates encountered nervous offerings awaiting today's interim results and closed 12 down at 506p. The main talking point elsewhere was the mid-morning halt to dealings in Churchbury Estates, at 745p, up 5, and Greycoat City Offices, at 208p, down 4, pending an announcement. Trading in Churchbury Estates' subsidiary Law Land was also suspended and dealers are expecting merger terms involving the three parties or an outright bid by Greycoat for Churchbury.

Shippings were featured by Milford Docks which attracted a sudden bout of speculative buying and closed 11 higher at 43p. P & O Deferred softened a couple of pence to 301p and Ocean Transport gave up the turn at 122p.

Awaiting bid developments, E. P. Martin were supported up to 405p before closing 10 higher on balance at 395p. Elsewhere in Financial Trusts, Centreway Trust advanced 35 more for a gain on the week so far of 60 to 135p, following renewed demand in a thin market. Stockjobbers Smith Bros. improved a couple of pence to 104p. Majedie, 115p, and Barlow, 105p, held onto the previous day's good gains which greeted news of the merger negotiations.

### Burmah up again

Leading Oils remained neglected and eased a few pence. BP lost 5 to 495p and Shell 2 to 683p. Interest elsewhere in the sector centred on current bid favourite Burmah Oil which touched 225p before settling a net 6 higher at 223p.

IC Gas attracted profit-taking after the first half profits recovery and lost 3 to 315p, while Britoil rallied from an initially depressed 203p to close a fraction harder on balance at 208p.

Press mention bosted Sun (UK) Royalty 16 to 160p while optimism over the Paris Basin oil prospects prompted further good demand for Invent Energy which advanced 25 more to a year's best of 590p.

Irish exploration issues failed to arouse much enthusiasm but Atlantic Resources attracted persistent small selling and closed 4 cheaper at 54p, after 52p.

Following a re-appraisal of the annual results and proposed one-for-three scrip-issue, McLeod Russel jumped 17 to 355p.

### Charter improve

Charter Consolidated were one of the few active stocks in a generally subdued mining market; sold down to 181p in initial dealings the shares perked up following the interim results, which were considerably better than some pesimistic forecasts circulating earlier in the week, and closed a net 4 higher at 187p.

Other UK Financials managed minor gains despite the decline in domestic equities and continuing poor performance of the bullion price, which dipped $2 more to $324.75 an ounce. Consolidated Gold Fields hardened 3 to 488p and Rio Tinto-Zinc edged up a couple of pence to 805p.

South African Golds, however, remained a neglected market and moved narrowly throughout the session. The Gold Mines index showed a 1.8 gain at 531.6.

After-hours' trading in Golds was featured by sustained American selling of President Brand and President Steyn, which dipped £1¼ apiece to £23⅜ and £26¼ respectively; both companies are involved in the proposed merger of Anglo American Corporation's Orange Free State mines, details of which are expected to be announced during the next couple of weeks.

The recent weakness of free market platinum prices prompted modest selling of the South African producers with Lydenburg and Rustenburg both around 10 lower at 520p and 685p respectively and Impala 7 cheaper at 990p.

Australians were virtually featureless. Great Victoria Gold returned from suspension at 34p but CGMA, Enterprise and Jingellic—the three companies currently the subject of partial bids from Great Victoria—remained suspended pending details of the offers.

Subdued conditions in the underlying securities resulted in reduced demand for Traded Options. Total contracts struck amounted to 6,647 comprising 4,987 calls and 1,660 puts. British Telecom attracted 2,449 calls and 655 puts, while operators again displayed enthusiasm for Trafalgar House which recorded 937 calls. Lonrho returned to favour with 462 calls and 207 calls.

## FINANCIAL TIMES STOCK INDICES

| | Dec. 12 | Dec. 11 | Dec. 10 | Dec. 7 | Dec. 6 | Dec. 5 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 82.91 | 83.15 | 83.29 | 83.27 | 83.54 | 83.66 | 82.30 |
| Fixed Interest | 86.09 | 86.12 | 86.11 | 86.35 | 86.38 | 86.41 | 85.83 |
| Ordinary | 922.3 | 930.1 | 930.3 | 922.0 | 908.4 | 914.9 | 751.1 |
| Gold Mines | 531.6 | 529.8 | 532.3 | 547.5 | 547.5 | 555.8 | 577.5 |
| Ord. Div. Yield | 4.66 | 4.62 | 4.63 | 4.66 | 4.66 | 4.66 | 4.66 |
| Earnings, Yld.% (full) | 11.88 | 11.80 | 11.82 | 11.90 | 12.01 | 11.93 | 9.55 |
| P/E Ratio (net) (*) | 10.10 | 10.17 | 10.16 | 10.09 | 9.99 | 10.06 | 12.91 |
| Total bargains (Est.) | 32,528 | 31,221 | 24,882 | 22,866 | 24,036 | 24,699 | 19,982 |
| Equity turnover £m. | — | 406.78 | 352.28 | 461.27 | 582.12 | 486.28 | 186.99 |
| Equity bargains | — | 41,900 | 25,759 | 27,110 | 27,676 | 25,394 | 15,413 |
| Shares traded (ml) | — | 266.5 | 218.8 | 287.8 | 331.5 | 342.4 | 109.7 |

10 am 927.2. 11 am 927.2. Noon 925.5. 1 pm 927.4. 2 pm 925.5. 3 pm 924.7.

Basis 100 Govt. Secs. 15/1/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.77.

### HIGHS AND LOWS

| — | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs | 83.77 (9/1) | 75.73 (30/7) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.48 (14/5) | 80.43 (30/7) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 930.3 (10/12) | 755.3 (25/7) | 930.3 (10/12/84) | 49.4 (26/6/40) |
| Gold Mines | 711.7 (9/3) | 485.7 (1/8) | 734.7 (15/2/83) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| — | Dec. 11 | Dec. 10 |
|---|---|---|
| Daily Gilt Edged Bargains | 137.7 | 133.9 |
| Equities Bargains | 271.8 | 166.9 |
| Value | 822.1 | 712.0 |
| 5-Day Average Gilt Edged Bargains | 137.5 | 140.6 |
| Equities Bargains | 196.7 | 187.8 |
| Value | 917.1 | 999.9 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed Dec 12 1984 — Tues Dec 11 — Mon Dec 10 — Fri Dec 7 — Thur Dec 6 — Year ago (approx.)

Figures in parentheses show number of stocks per section

[illegible]

FT-SE 100 SHARE INDEX: [illegible]

## FIXED INTEREST

PRICE INDICES — AVERAGE GROSS REDEMPTION YIELDS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Feb. Vol. | Feb. Last | May Vol. | May Last | Aug. Vol. | Aug. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $320 | — | — | — | — | 10 | 30 | $325.10 |
| GOLD C | $340 | — | — | — | — | 50 | 16.50 A | " |
| GOLD C | $350 | 4 | 5.10 | 20 | 8 A | — | — | " |
| GOLD C | $360 | — | — | — | — | 90 | 11 | " |
| GOLD C | $400 | 3 | 1 | — | — | — | — | " |
| GOLD P | $325 | — | — | 5 | 11 | — | — | " |

(Silver, $/FL, ABN, AEGON, AKZO, AH, AMRO, GIST, HEIN, HOOG, KLM, NATN, NEDL, PETR, PHIL, RD, UNIL series: [illegible])

TOTAL VOLUME IN CONTRACTS: 9,416

A=Ask B=Bid C=Call P=Put

## NEW HIGHS AND LOWS FOR 1984

—M/C No. 40 8/8½ TKH—

### NEW HIGHS (105)

BRITISH FUNDS (6)
AMERICANS (3)
BANKS (2)
BREWERS (2)
BUILDINGS (2)
CHEMICALS (3)
STORES (5)
ELECTRICALS (5)
ENGINEERING (3)
FOODS (8)
HOTELS (6)
INDUSTRIALS (23)
INSURANCE (1)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (2)
PAPER (5)
PROPERTY (6)
TRUSTS (16)
OILS (2)
PLANTATIONS (3)

### NEW LOWS (8)

INDUSTRIALS (2)
Beatson Clark — Cape Industries
LEISURE (1)
Intervision Video
MOTORS (1)
Aerospace Eng'g
NEWSPAPERS (1)
Home Counties Hldgs.
OILS (1)
Hunting Petroleum 10pc Cnv. Ln. 1987
MINES (2)
Wit. Nigel — North Kalgurli

### Amalgamated Foods

Trading profits rose by 10 per cent on sales up by only 2 per cent at £123m at Amalgamated Foods, Britain's largest independent wholesaler, which currently accounts for 12 per cent of the total delivered wholesale grocery market.

Trading profit for the 28 weeks ending November 10 1984 was £1.48m (£1.34m), and after interest of £1.27m (£1.09m) pre-tax profits of £156,000 (£116,000) were achieved.

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ▓ Allotment letters or fully-paid. ‖‖ Introduction. ☆ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing Shares of no par value.

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Dec 3 | Dec 14 | Mar 7 | Mar 18 |
| Dec 17 | Jan 4 | Mar 21 | Apr 1 |
| Jan. 7 | Jan 18 | Apr 11 | Apr 22 |

*For rate indications see end of Share Information Service*

Call options were arranged in Goodman Brothers, Atlantic Resources, Carpets International, Brunswick, Norfolk Capital, Charterhall, Premier Oil, Cronite, North Kalgurli, Britoil, Massey Ferguson, British Telecom, BSR, Bula and House of Fraser. A put was done in Case, while a double was taken out in Sun Oil Royalties.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

[illegible]

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 13 | 85 | 6 |
| Corpns, Dom. and Foreign Bonds | 1 | 27 | 45 |
| Industrials | 239 | 252 | 932 |
| Fin. and Props. | 147 | 59 | 337 |
| Oils | 22 | 27 | 77 |
| Plantations | 5 | 4 | 8 |
| Mines | 58 | 31 | 88 |
| Others | 84 | 37 | 75 |
| Totals | 569 | 522 | 1,568 |

## TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

[illegible]

## LONDON TRADED OPTIONS

| Option | | Calls Jan. | Calls Apr. | Calls Jly. | Puts Jan. | Puts Apr. | Puts Jly. |
|---|---|---|---|---|---|---|---|
| B.P. (*496) | 390 | 115 | 120 | — | 2 | 4 | — |
| | 420 | 85 | 90 | — | 3 | 6 | — |
| | 460 | 53 | 59 | 65 | 8 | 16 | 24 |
| | 500 | 18 | 30 | 38 | 20 | 30 | 37 |
| | 550 | 5 | 15 | — | 60 | 65 | — |

[illegible]

Dec. 12, Total contracts 6,647. Calls 4,987. Puts 1,660.
* Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE



## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1984 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 105¾ | 100 13/32 | Treas. 15pc 1985 | 100 13/32 | ..... | 14.87 | 9.53 |
| 102¼ | 100 | Exch. 12pc Cnv. '85 | 100 3/16 | –1/16 | 11.93 | 9.79 |
| 97¼ | 93 3/16 | Treas 3pc 1985 | 97 3/16 | –1/16 | 3.09 | 9.74 |
| 102⅝ | 99½ | Treas 11½pc 1985 | 101 1/32 xd | –1/32 | 11.38 | 9.82 |
| 99¾ | 96 3/16 | Treas 8¾pcCnv '85 | 99 3/16 | ..... | 8.82 | 9.86 |
| 104 3/16 | 97⅞ | Exch. 12¼pc 1985 | 102⅛ | –1/16 | 11.99 | 9.81 |
| 103 13/16 | 99 1/16 | Exch. 11¾pc '86 | 101 13/16 | –1/16 | 11.54 | 10.02 |
| 102 5/16 | 96 1/16 | Treas. 10pcCnv 1986 | 99 13/16 | –¼ | 10.02 | 10.12 |
| 93 3/16 | 88¼ | Treas 3pc 1986 | 93⅛ | –⅛ | 3.22 | 8.19 |
| 102 | 96¼ | Exch. 10½pc Cv '86 | 100 7/16 | –1/16 | 10.45 | 10.17 |
| 104 1/16 | 99 1/16 | Treas 12pc 1986 | 102⅛ | –1/16 | 11.74 | 10.26 |
| 98¼ | 93½ | Treas 8½pc 1984-86‡‡ | 97⅝ xd | –1/16 | 8.71 | 10.22 |
| 106 13/16 | 102 1/16 | Exch. 14pc 1986 | 105⅞ | –¼ | 13.22 | 10.44 |
| 89⅛ | 85 | Exch. 2½pc 1986 | 89 | –⅛ | 2.81 | 8.78 |
| 107 13/16 | 100 13/16 | Exch. 13¼pc 1987 | 104 13/16 | –⅛ | 12.64 | 10.58 |
| 100⅞ | 94½ | Treas 10¼pcCv '87 | 99 13/16 | +1/16 | 10.32 | 10.56 |
| 87¼ | 83⅝ | Exch 2½pc 1987 | 87 3/16 | –1/16 | 2.86 | 8.82 |
| 101 1/16 | 94½ | Exch. 10½pc 1987 | 99⅞ | –¼ | 10.51 | 10.53 |
| 92¾ | 87 | Funding 6½pc '85-87‡‡ | 92 3/16 | –1/16 | 7.03 | 10.14 |
| 99⅝ | 92⅞ | Treas. 10pc 1987 | 98 13/16 | –1/16 | 10.12 | 10.56 |
| 86⅝ | 81 3/16 | Treas 3pc 1987 | 86 1/16 xd | –1/16 | 3.47 | 9.02 |
| 105 | 97¼ | Treas. 12pc 1987 | 103 3/16 | –1/16 | 11.62 | 10.63 |
| 94⅞ | 87 9/16 | Treas 7¾pc 1985-88‡‡ | 93 | –⅛ | 8.33 | 10.42 |
| 100⅛ | 92 13/16 | Exch 10½pc '88 | 99 7/16 | –¼ | 10.56 | 10.70 |
| 98 3/16 | 89 13/16 | Treas 9¾pc Cv '88 | 97¼ xd | –⅛ | 10.03 | 10.72 |
| 82¼ | 77 | Transport 3pc '78-88 | 82 xd | –1/16 | 3.66 | 9.06 |
| 96 13/16 | 88 3/16 | Treas. 9½pc '88 | 95⅞ | –⅛ | 9.91 | 10.85 |
| 106⅛ | 94 13/16 | Treas 11½pc 1989 | 101 13/16 | –⅛ | 11.28 | 10.87 |

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

Building Societies

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS, HP AND LEASING

Hire Purchase, Leasing, etc.

## BEERS, WINES AND SPIRITS

## BEERS, WINES—Cont.

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## LEISURE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## INSURANCES

## LEISURE

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum



## MINES—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|

### Central African

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 260 | 145 | Falcon 250c | 160 | | Q100c | ♦ | 36.4 |
| 17 | 8 | Wankie Col. Z$1 | 12 | ... | — | — | — |
| 21 | 13 | Zam Cpr SBD0.24 | 14½ | ... | — | — | — |

### Australians

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 55 | 23 | ♦ACM 50c | 49 | +1 | — | — | — |
| 38 | 17 | ♦Allstate Explr NL | 26 | | — | — | — |
| 10½ | 3½ | ♦Ava Oil & Minerals | 4 | +¼ | — | — | — |

### Tins

### Miscellaneous

## NOTES

## REGIONAL & IRISH STOCKS

## OPTIONS — 3-month call rates

| | | | | | |
|---|---|---|---|---|---|
| FNFC | 7 | Reed Intnl | 50 | Ultramar | 22 |
| Gen Accident | 42 | Sears | 7 | Mines | |
| Gen Electric | 28 | TI | 18 | | |
| Glaxo | 90 | Tesco | 8 | Charter Cons | 21 |
| Grand Met | 26 | Thorn EMI | 42 | Cons Gold | 42 |
| GUS 'A' | 55 | Trust House | 12 | Lonrho | 14 |
| Guardian | 58 | Turner Newall | 9 | Rio T Zinc | 60 |
| GKN | 16 | Unilever | 80 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# AUTHORISED UNIT TRUSTS

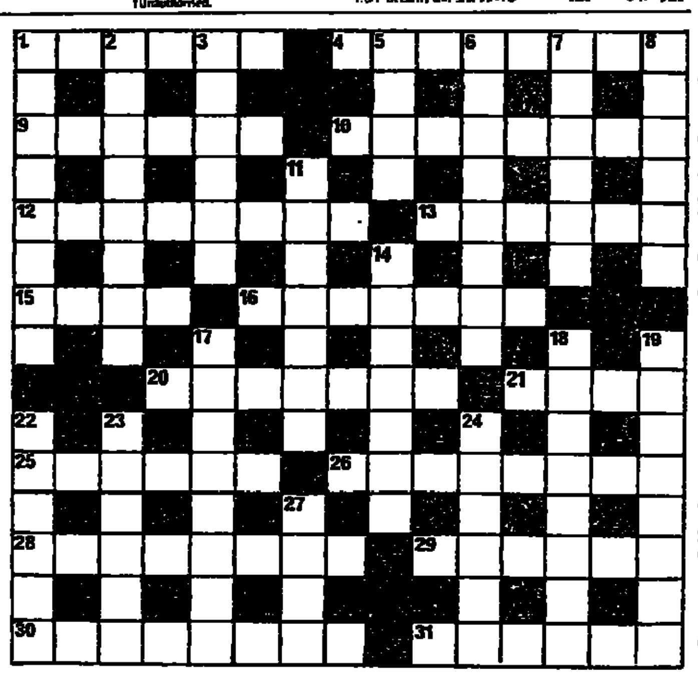
# FT UNIT TRUST INFORMATION SERVICE

[illegible]

# INSURANCES

[illegible]

## F.T. CROSSWORD PUZZLE No. 5,594



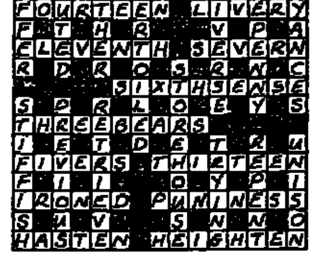
**ACROSS**

1 Tender is turned back almost (6)
4 It's fat and very wet (8)
9 One is prone to use this example of inflation (3-3)
10 and 13 across: He could get his work done by Friday (8, 6)
12 Spiteful woman urges one to discard sin (3-5)
13 See 10 across.
15 Light joinery? (4)
16 Holst's work scheme set out (7)
20 It follows U.S. soldier into the pub (7)
21 Eddy coloured when disturbed (4)
25 A few lines apparently expressing hostility (6)
26 Once said to be a bishop (8)
28 Wars need to be justified (8)
29 Twins in orange mini-skirts (6)
30 Snare ten squirming fish (8)
31 Solely depend on me (6)

**DOWN**

1 Pray less, and possibly in fewer places (8)
2 Clever operators nurses go for (8)
3 Peephole for viewer to lease (6)
5 Cross small area of land (4)
6 In a convent it gives preferential treatment (8)
7 Organise sit-ins and make repeated demands (6)
8 Girl out to procure bird (6)
11 It's useless holding a bad crook (7)
14 Monks and nuns may dwell this way (7)
17 Back at sea (2, 6)
18 A sherry I ordered in Scotland (8)
19 and 22 In which the innocent align themselves with the guilty (8, 6)
23 Domestic service (3-3)
24 An intriguing plan (6)
27 Water thoroughly (4)

**Solution to Puzzle No. 5,593**



هكذا من الأصل



# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

**World Wide Growth Management**
10a Boulevard Royal, Luxembourg.
Inv Adv. M & G Inv Mngt Ltd. London.

| | | | | |
|---|---|---|---|---|
| WwdGthFd | $11.28 | | -0.02 | — |

**Wren Commodity Management Ltd**
10 St George St, Douglas, IoM. 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Com Fd | 12.8 | 13.3 | .... | 3.10 |
| Chinese Fd | 59.9 | 62.4 | .... | 1.70 |
| PrecMetFd | 122.7 | 127.8 | .... | 8.30 |
| VangCmdyFd | 23.5 | 24 1 | .... | — |
| FinFuturesFd | 32.4 | 33.8 | .... | — |

**Yamaichi Dynamic Mngt Co SA**
10a Boulevard Royal, Luxembourg.

| | | | |
|---|---|---|---|
| Dynamic Grw Fd | $8.76 | -0.06 | — |

# Money Market Trust Funds

| | Nom | Apr | Int Cr | Notice |
|---|---|---|---|---|
| **The Money Market Trust** | | | | |
| 63 On Victoria St, EC46 4ST. 01-236 0952 | | | | |
| Call Fund | 9.33 | 9.57 | 6mth | Call |
| 7-day Fund | 9.49 | 9.74 | 6mth | 7-day |
| **Oppenheimer Money Management Ltd** | | | | |
| 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fund | 8.92 | 9.11 | 6mth | Call |
| 7-day Fund | 9.20 | 9.41 | 3mth | Call |
| MnyMgAc | 8.875 | 9.175 | 3mth | Call |
| Dollar | 7.62 | 7.76 | 6mth | 2-day |

# Money Market Bank Accounts

| | Nom | Apr | Int Cr | Notice |
|---|---|---|---|---|
| **Aitken Hume** | | | | |
| 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| TreasuryAcc | 9.33 | 9.57 | Qtr | Call |
| Mth Int Chq | 9.49 | 9.74 | Mth | Call |
| **Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Cheque Acc | 9.25 | 9.65 | Mth | Call |
| **Barclays Prime Account** | | | | |
| PO Box 125, Northampton. 0604 252891 | | | | |
| High Int Chq | 9.25 | 9.57 | Qtr | Call |
| **Britannia Grp of Investment Companies** | | | | |
| 29 Finsbury Circ, EC2M 5QL. 01-555 2777 | | | | |
| Cater Allen | 9.20 | 9.15 | Mth | Call |
| **Charterhouse Japhet plc** | | | | |
| 1 Paternoster Row, EC4M 7DH. 01-248 3999 | | | | |
| Sterling | 9.25 | 9.65 | Mth | Call |
| U.S. Dollar | 8.50 | 9.96 | Mth | Call |
| German Marks | 5.0 | 5.19 | Mth | Call |
| Swiss Franc | 2.0 | 2.05 | Mth | Call |
| Japanese Yen | 5.0 | 5.19 | Mth | Call |
| **Choulartons** | | | | |
| 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-829 9011 | | | | |
| Cheque Acc | 9.75 | 10.20 | Mth | Call |
| **Co-operative Bank** | | | | |
| 78-80 Cornhill, EC3. 01-626 6543 Ext 465 | | | | |
| Under £1,000 | 8.00 | 8.24 | Qtr | Call |
| Over £1,000 | 10.00 | 10.38 | Qtr | Call |
| **Dartington & Co Ltd** | | | | |
| Dartington, Totnes, Devon, TQ9 6JE. 0803 862271 | | | | |
| MnyMktAcc | 9.50 | 89.84 | Qtr | Call |
| **Henderson/Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2. 01-628 8060. | | | | |
| MnyMtChqAc | 9.25 | 9.65 | Mth | Call |
| **Lombard North Central plc** | | | | |
| 17 Bruton St, W1A 3DH. 01-409 3434 | | | | |
| Notice Dep | 8.75 | 10.12 | Rate | 14-day |
| **M & G Kleinwort Benson** | | | | |
| 91-99 New London Rd, Chelmsford. 0245 51651 | | | | |
| HighIntChqAc | 9.30 | 9.74 | Daily | Call |
| **Midland Bank plc** | | | | |
| PO Box 2, Sheffield. 0742 20999 Ext 8738 | | | | |
| High Int Chq | 9.50 | 9.84 | Qtr | Call |
| **Save & Prosper/Robert Fleming** | | | | |
| 28 Western Rd, Romford, RM1 3LB. 0708 66966 | | | | |
| HighIntMktAc | 9.00 | 9.41 | Daily | Call |
| Premier Acc | 9.00 | 9.41 | Daily | Call |
| **Tyndall & Co** | | | | |
| 29 33 Princess Victoria St, Bristol BS8 4BX. 0272 732241 | | | | |
| Demand Acc | 9.30 | 9.62 | Qtr | Call |
| Money Acc | 9.375 | 9.71 | Qtr | Chq/7 |
| **J. Henry Schroder Wagg & Co Ltd** | | | | |
| Enterprise House, Portsmouth. 0705 827733 | | | | |
| Special Acc | 9.00 | 9.38 | Mth | Call |
| Over£10,000 | 9.25 | 9.65 | Mth | Call |

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase.

# COMMODITIES AND AGRICULTURE

## Further fall in U.S. oil stocks

BY NANCY DUNNE IN WASHINGTON

U.S. CRUDE oil stocks declined last week by almost 4.5m barrels to 337.6m barrels after falling by 7m barrels the week before, according to the American Petroleum Institute.

Stocks of crude are now almost 18m barrels below this time last year.

Distillate and residual stocks were also down last week. The API estimates distillate stocks to be about 157.3m barrels compared with 164m last year. Residual stocks are reported at just below 49m barrels, down almost 6m from this time in 1983.

The U.S. imported slightly more than 3.1m barrels of crude last week, nearly the same amount as this time last year. However, in another report the API warned of increasing U.S. dependence on foreign oil.

Imports jumped 10 per cent last year, the institute said in its end-year report, as domestic energy demand rose by about 5 per cent. The U.S. now relies on imports for about one-third of its oil supplies—about the same level as existed before the 1973 Arab embargo of shipments to the country.

For U.S. consumers, 1985 looks likely to be a good year, API said. Supplies of oil seem more than adequate and Opec prices have been falling. However, domestic production has failed to match the growth in domestic demand.

Over the past ten years, domestic discoveries and supplies of oil and natural gas have remained relatively constant or have even declined.

"As a result," said API, "we are in the alarming position of needing to find more than three-fourths of the oil that we expect to use by the turn of the century."

The institute blamed government taxes and regulation for the decline in domestic supply.

"Excessive environmental restrictions have posed obstacles beyond those needed to protect the environment . . . there is a lot of land in the U.S. which contains a lot of energy, where exploration and production activities are delayed or prohibited.



## World sugar values lowest in 14 years

By Our Commodities Staff

WORLD SUGAR values slipped to the lowest levels for nearly 14 years yesterday reflecting sharp declines in futures earlier in the week.

The London daily raws price was fixed $2 down at $103 a tonne following its $8.50 decline on Tuesday, but on the futures market nearby positions staged a minor technical rally and prices ended a dollar or two higher.

There has been little fundamental news to account for this week's sharp decline, which most traders attribute to "tired long liquidation" by holders who had been hoping for the Soviet Union to re-enter the market as a buyer.

Yesterday's EEC sugar export tender result was much as expected and had little impact on prices. Export licences were granted on sales of 64,700 tonnes of whites at a maximum subsidy of 41.989 European currency units (Ecu's) per 100 kg.

Traders said the higher level of subsidy compared with last of 40,493 Ecus, reflected the sharp fall in world prices over the past week. The subsidy is intended to bridge the gap between world prices and higher EEC guaranteed prices for sugar.

● India may not export sugar in 1985 if 1984-85 (November-October) production does not exceed 6m tonnes, Mr P. C. Luther, State Trading Corporation chairman, said in New Delhi.

However, India will fulfil commitments to ship 22,000 tonnes off to the U.S. and 10,000 to the EEC under quotas expiring in June 1985, he said.

He said sugar industry predictions that India may need to import 1m tonnes in 1985 were speculative.

Indian output fell to 5.89m tonnes in 1983-84 from 8.23m in 1982-83 and is expected to remain near the 1983-84 level in the current year.

## Bid to iron out starch regime

### Andrew Gowers on proposed EEC policy reforms

AS IF EEC agriculture ministers did not already have enough problems, a complex and contentious new issue is about to land on their plate for next year's negotiations on farm prices.

It concerns future Community support for starch production: a question of crucial importance not just for farmers but for industries such as paper manufacturing and biotechnology.

Late last month, three years after its first promised change, the European Commission published proposals for sweeping reforms to the EEC starch regime.

The problem is that starch is an unusually fragmented industry. It is produced from a variety of sources — maize, wheat and potatoes—and goes on to an even wider variety of users. Any attempt to adjust the balance between different producers or consumers seems bound to be strongly resisted. Nevertheless, that is what the Commission's proposals aim to do.

At present, all starch made in the Community, worth about 1.5bn European currency units a year, benefits from a production refund to bring its price down towards world level. This applies whether it goes to food processors, paper makers or chemical companies. Different refunds apply to wheat starch, maize starch and potato starch, reflecting the different costs of production.

Combined with the protection granted to farm products under the Common Agricultural Policy, this has created tremendous anomalies, in the Commission's view.

On one hand, for food manufacturers, which are already sheltered against food imports by EEC levies, the production refund is seen a second tier of subsidy. On the other, the Community paper industry, for example, while being forced to buy its starch at prices inflated by the high cost of agricultural raw materials in the Community, has had to compete with duty-free paper imports from Scandinavia, where manufacturers can buy their starch at world market prices.

The issue has taken on a new urgency as a result of rapid developments in biotechnology, which are increasing the chemical industry's demand for carbohydrate products of agricultural origin such as starch and sugar.

The Commission is worried that if the industry is not given raw materials at reasonable prices within the EEC, it will simply set up shop elsewhere.

Brussels has proposed dropping the production refund for starch destined for food processing and instead concentrating all efforts on starch as a raw material for industries such as paper, cardboard and chemicals.

The overall cost of support for starch will not change much under the new system, which the Commission estimates will cost Ecu 300m compared with Ecu 270m now.

However, expenditure will be distributed in a radically different way. Refunds will be up to 3½ times higher than at present and starch producers will benefit to a varying extent, reflecting the proportion of their total output going to industries other than food processing.

The Commission estimates that 70 per cent of ptato starch production, 40 per cent of maize output and 30 per cent of wheat starch sales will continue to receive refunds.

The food industry, which stands to lose tens of millions of pounds in production refunds, is up in arms about the proposals. Its concern is shared by the maize starch producers (by far the largest faction, with annual output of 4.5m tonnes of starch in the Community), who support the drift of the Commission's proposals but want some special help for food processors to be incorporated in them.

Although the UK Government's final position still has to be decided, there is some sympathy for the food industry's case in Whitehall: proportionally, food manufacturers in Britain are much larger consumers of starch than in most other Community countries. The British starch industry could thus lose up to 80 per cent of its refunds.

Wheat starch producers, who stand to lose an even greater proportion of their refunds than maize starch manufacturers, are also unhappy.

Potato starch makers fear the proposal will sharply reduce their special support. Manufacture of starch from potatoes is the least efficient method, and the industry, concentrated in the north-eastern Netherlands, where unemployment is high, benefits from a premium payment largely for social reasons.

Industry and agriculture officials are apparently squabbling throughout the Community, not least in London and Brussels, over which industries should benefit from production refunds.

This is bound to complicate what already promises to be a very difficult round of negotiations. Officials fear that the issue will become inextricably tangled up with other problems.

The most obvious of these would be a separate dispute over whether, and how, sugar should be made available to the chemical industry at world market prices.

Beyond that, given that the Commission is pressing for introduction of the new regime next August, the chances are that it will simply become part of the haggle over next year's farm prices.

## Small dairy farmers to get £4m EEC aid

BRITISH DAIRY farmer with 40 cows or less are to receive special aid payments totalling more than £4m this marketing year, the Ministry of Agriculture said yesterday.

Each producer who delivered less than 200,000 litres of milk in 1983 will receive £209.20 under the scheme, agreed as part of this year's EEC farm price package. About 20,270 farmers are expected to benefit.

● WEST GERMANY'S 1984 grain crop totalled a record 26.5m tonnes, according to final Agriculture Ministry figures.

A provisional estimate of 25.9m tonnes was issued in September. Last year's crop totalled 23m tonnes.

● PHILIPPINE coconut products exports in the 11 months to November dropped to 1.04m tonnes in copra terms from 1.52m tonnes a year ago. However, earnings rose to $742m (£618m) from $633m, the Philippine Coconut Authority said.

● INDONESIA has no long-term plans to become a regular rice exporter but will export in times of surplus, the Ministry for Food Production said.

Indonesia holds stocks of about 5m tonnes, with over 3m held by the government and the rest by the private sector.

● A "TOY" for the futures trader who has everything has been launched just in time for Christmas by London brokers Jeremy Oates.

Called the Futures Pager, it is designed to keep traders provided with constant information about market price movements wherever they may be within a 40-mile radius from the centre of London.

The Pager, a pocket-sized machine, gives on a small screen price details from 23 leading futures markets at regular intervals from 8 am to 8 pm every weekday.

It is, however, an expensive way of keeping in touch. The monthly rental is £50 for the silent pager, and £62.50 for the standard version which incorporates a personal paging service.

## Renewed decline in aluminium consumption forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM consumption is expected to rise slightly up to January 1985, but will then start to decline again for the next three months, according to market analysts, Chase Econometrics.

The December issue of the company's aluminium market monitoring service also forecasts a decline in the long-term growth rate of demand.

Chase notes, however, that the October stocks figures issued by the International Primary Aluminium Institute marked a deceleration in the growth of inventories.

Aluminium producers are beginning to respond to the slowdown in market demand, but the full impact of recent production cuts has still to be felt, the company says.

Meanwhile on the London Metal Exchange yesterday aluminium continues to be virtually the only base metal not threatened by a squeeze on nearby supplies.

On the lead market, the cash price gained £7 to £348.5 a tonne, while the three months quotation eased by £1 to £333.25 on persistent "forward" selling by one broker.

In the higher grade copper market, the gap between the cash and three months prices widened again yesterday. However, there are still fears of a scarcity of nearby supplies developing as warehouse stocks fall and consumers "borrow" metal to carry over the end of the financial year for many companies.

There was little reaction to the news that 4,400 workers at Southern Peru Copper Corporation had decided t end their three-week-old strike.

● Engelhard Corporation is not interested in buying Argos Metals, the London-based platinum trading company, Reuter reported from Zurich.

Mr Orin Smith, cihef executive for Engelhard, said recent reports that Engelhard had expressed an interest in buying Argos were false.

## LONDON MARKETS

SOFT (non-metal) commodity markets were fairly quiet in London yesterday.

Cocoa prices continued to fluctuate with the March position losing £13 off Tuesday's £28 advance. Nervousness remained about the availability of beans for delivery against spot December contracts. There has been some tendering this week but the open position remains uncomfortably large at over 3,000 lots.

Coffee remained quietly steady with the March quotation finishing £9.50 up at £2,222.50 a tonne. Dealers said a 1m tonnes cut in ICO export quotas was likely later this week though the 15-day average indicator price remained the 135 cents a pound trigger level yesterday.

### MAIN PRICE CHANGES

In tonnes unless otherwise stated

| | Dec. 12 1984 | + or — | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1185-1215 | | $1260/1290 |
| Copper | | | |
| Cash h Grade | £1110.5 | +2.0 | £1064.25 |
| 3 mths | £1123.75 | +5.0 | £1088.25 |
| Cathodes | | | |
| Gold troy oz | $324.75 | -2.00 | $345.75 |
| Lead Cash | £348.5 | +7.0 | £347.5 |
| 3 mths | £333.25 | -1.0 | £345.5 |
| Nickel | £5967 | | £5967 |
| Free Mkt | 222-212c | +1 | 214-234c |
| Palladium oz | $137.75 | -0.75 | $147.75 |
| Platinum oz | $315.25 | -1.25 | $333.50 |
| Quick Silver | $300.310 | +5.0 | $300/310 |
| Silver troy oz | 566.70p | -1.30 | 603.40p |
| 3 mths | 579.50p | -1.40 | 617.80p |
| Tin cash | £9857.5 | -15.0 | £9617.5 |
| 3 mths | £9832.5 | +5 | £9617.5 |
| Tungsten | $86.50 | +3.16 | $88.53 |
| Wolfram 22.04lb | $74-76 | -1.0 | $79-83 |
| Zinc | £678.75 | -0.75 | £620.5 |
| 3 mths | £669.25 | -1.25 | £627.75 |
| Producers | $900 | ... | ... |

| | Dec. 12 + or 1984 | | Month ago |
|---|---|---|---|
| **OILS** | | | |
| Coconut (Phil) | $955x | +15 | $1000 |
| Palm Malayan | $595v | +10 | $652.5 |
| **Seeds** | | | |
| Copra Phil | $570y | +5 | $600 |
| Soyabean (U.S.) | $247.75 | | $261.25 |
| **GRAINS** | | | |
| Barley Fut. Mar | £113.15 | +0.15 | £109.35 |
| Maize | £145.50 | | £133.50 |
| Wheat Fut. Mar | £113.35 | -0.05 | £110.15 |
| No2 Hard Wint. | | | |
| **OTHERS** | | | |
| Cocoa Ft. Mar | £1845.5 | -13 | £1956.9 |
| Coffee Ft. Mar | £2222.5 | +9.5 | £2333 |
| Cotton Alndex | 71.60c | -0.10 | 73.75c |
| Gas Oil Jan. | $227.25 | -0.50 | $259.25 |
| Rubber (kilo) | 61.0p | -0.5 | 60p |
| Sugar (raw) | $103.00x | -2.00 | $118.5 |
| Wool'tps 64s | 482p kilo | | 470p |

‡ Unquoted. v-Jan. y-Jan-Feb. x Dec-Jan. w Nov-Dec. † Per 75-lb flask. n Nominal. c Cents per pound.

### INDICES

**FINANCIAL TIMES**

| Dec. 11 | Dec. 10 | M'th ago | Yearago |
|---|---|---|---|
| 289.49 | 288.54 | 296.22 | 293.90 |

(Base: July 1 1952 = 100)

**REUTERS**

| Dec. 12 | Dec. 11 | M'th ago | Yearago |
|---|---|---|---|
| 1894.7 | 1893.9 | 1874.0 | 19 59.1 |

(Base: September 18 1931 = 100)

**MOODY'S**

| Dec. 6 | Dec. 5 | M'th ago | Yearago |
|---|---|---|---|
| 984.2 | 982.2 | 967.0 | 1034.8 |

(Base: December 31 1931 = 100)

**DOW JONES**

| Dow Jones | Dec. 6 | Dec. 5 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 125.5 | 124.87 | 125.84 | 137.74 |
| Fut | 116.44 | 126.56 | 128.88 | 148.8 |

(Base: December 31 1974 = 100)

### COPPER

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 1115.6 6 | +9.5 | 1110 1 | +2.0 |
| 3 months | 1128.5-9 | +11.0 | 1123.5 5 | -5.0 |
| Settlem't | 1116 | +120. | — | — |
| Cathodes | | | | |
| Cash | 1124 7 | +9.0 | 1120 3 | +5.0 |
| 3 months | 1136 8 | +11.5 | 1131 4 | +4.5 |
| Settlem't | 1117 | +7.5 | — | — |

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,129, 30, 39 5, 30, 30 5, cash £1,115 5, three months £1,130, 30 5, 30, 29 5, 29, 28 5. Kerb Higher Grade: Three months £1,129, 29.5, 30, 29 5. Afternoon Higher Grade: Three months £1,127, 26.5, 26, 25, 25 5, 26, 23, 23 5, 24. Kerb. Higher Grade: Three months £1,125, 25 5, 26, 27, 28. Turnover 28,925 tonnes. U.S Producers: 62.00-66 00 cents per pound.

### LEAD

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 348 9 | +12.2 | 348 9 | +7.0 |
| 3 months | 333-.5 | +4.75 | 333 .5 | +1.0 |
| Settlem't | 349 | +12.5 | — | — |

Lead—Morning: Three months £337, 36, 35.5, 36, 34, 33. Kerb: Three months £333, 34, 33 5, 34. Afternoon: Three months £333. Kerb: Three months £333.5. Turnover: 14,025 tonnes. U.S. Spot: 23.00-27.00 cents per pound.

### TIN

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 9930 40 | +37.5 | 9865-75 | -37.5 |
| 3 months | 9875 80 | +15.0 | 9855-65 | +7.5 |
| Settlem't | 9940 | +40.0 | — | — |
| Standard. | | | | |
| Cash | 9910 5 | +55.0 | 9850-60 | -15.0 |
| 3 months | 9832 4 | +10.5 | 9820 5 | -5.0 |
| Settlem't | 9915 | +55.0 | — | — |
| Straits E. | $29.15 | | — | — |

Tin — Morning: Standard: Three months £9,830. Cash £9 905, 10, three months £9,830, 35, 32, 30, 33. Kerb: Standard. Cash £9,900. High Grade: Three months £9,880. Afternoon: Standard: Three months £9,825, 2. High Grade. Cash £9,870, three months, £9,880. Turnover: 1,655 tonnes.

### ZINC

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 680 1 | +8.0 | 67.5 9 | -0.75 |
| 3 months | 670 1 | +4.0 | 669 .5 | -1.25 |
| Settlem't | 681 | +8.0 | — | — |

Zinc — HIGH GRADE OFFICIAL/UNOFFICIAL PRICES Cash am £720-730, pm £710-715. Three months: am £715-725, pm £710-715. settlement: £730. Morning: Three months £669, 69.5, 70, 69.5, 70. Kerb: Three months £669, 70. Afternoon: Three months £670, 71, 70, 69.5. Kerb. Three months £668, 66.5, 67, 66, 67. Turnover: 16,025 tonnes U S. Prime Western: 45.00-45.75 cents per pound.

### ALUMINIUM

Aluminium—Morning: Three months £966, 65 5, 66, cash £942, three months £966, 65 64. Kerb. Three months £964, 63, 64. Afternoon: Three months £963, 62, 61, 60, 61, 60, 58, 57, 58, 58, 59.5, 59. Kerb: Three months £958, 57, 58, 59, 60, 61, 62, 61, 60. Turnover: 15,150 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 942-.5 | +9.75 | 937 8 | -8.0 |
| 3 months | 964-.5 | +10.5 | 958.5-9 | +1.6 |

### NICKEL

| NICKEL | a.m. Official | + or — | p.m. unofficial | + or —† |
|---|---|---|---|---|
| Spot | 4095 100 | +30.0 | 4095-100 | +18.0 |
| 3 months | 4009-5 | +21.5 | 4090-5 | +13.5 |

Nickel — Morning: Three months £4,110, 105, cash £4,110, 4,100, 4,095, three months £4,100, 4,105, 4,100. Kerb: Three months £4,095, 96. Afternoon: Three months £4,090, 4,085, 87. Kerb: Three months £4,090. Turnover: 1,716 tonnes.

### GOLD

Gold fell $2 to close at $324½-325 on the *London bullion market yesterday*, the lowest level since July 8, 1982. The metal *opened* at $326¾-327⅞, and was fixed at $327 60 in the morning, and $324.50 in the *afternoon. It touched a* peak of $327¾-328¼ and a low of $323¾-324¼.

**LONDON FUTURES**

| Month | Yest'days close | + or — | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| Dec. | — | — | — |
| Feb. | 328.50-28 60 | -2.10 | 331.50-28.00 |
| April | — | — | — |

Turnover: 241 (235) lots of 100 troy ounces.

| GOLD BULLION (fine ounce) Dec. 11 | | |
|---|---|---|
| Close | $324½-325 | (£270¼-270¾) |
| Opening | $326¾-327¼ | (£272¼-273¼) |
| M'n'g fix. | $327.60 | (£273.114) |
| Aft'n'n fix. | $324.50 | (£270.504) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Kr'g'r'nd. | $334½-336¼ | (£278¼-279½) |
| ½ Krug. | $172½-173¼ | (£143¾-144½) |
| ¼ Krug. | $88-88⅝ | (£73¼-74) |
| 1/10 Krug. | $36-36½ | (£30-30½) |
| Mapleleaf | $334½-335 | (£278¾-279½) |
| New Sov. | $76½-77¼ | (£63¾-64½) |
| ½New Sov. | $46½-47¼ | (£38¾-39½) |
| Old Sov. | $77½-79 | (£64½-65¾) |
| $20 Eagle | $510-540 | (£425-450) |
| Noble Plat | $322¼-325¾ | (£268½-271½) |

### SILVER

| SILVER per troy | Bullion fixing price | + or — | L.M.E p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 566.70p | -0.30 | 565.5p | ...... |
| 3 months | 579.50p | -1.40 | 578.75p | ...... |
| 6 months | 593.35p | -1.95 | — | ...... |
| 12months | 619.90p | -1.10 | — | ...... |

Silver was fixed 1.3p an ounce lower for spot delivery in the London bullion market yesterday at 566 7p. U S. cent equivalents of the fixing levels were: spot 678.9c, down 4.4c; three-month 693.7c, down 4 8c; six-month 710.6c, down 5.7c; and 12-month 745 3c, down 5.2c. The metal opened at 568½-571½p (681-684c) and closed at 564-567p (677-680c).

LME—(2,000 oz contract): Cash 565 5 (same); three months 578 75p (same). Turnover: 0 (0).

Turnover: 114 (40) lots of 10,000 oz. Morning: large 1st ring three months 581 5, 2nd ring three months 578.5, small untraded. Kerb: untraded. Afternoon: large 1st ring untraded, 2nd ring three months 568.5, 569 Small untraded Kerb: large three months 579, small untraded.

### COCOA

An inactive session saw prices ease throughout the day having opened unchanged Manufacturers and producers were withdrawn, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Dec | 1877-1878 | -15.5 | 1885-1870 |
| March | 1845 1846 | +28.0 | 1860 1843 |
| May | 1844 1845 | +28.5 | 1861 1844 |
| July | 1848 1849 | +26.5 | 1863 1847 |
| Sept. | 1848 1852 | +23.5 | 1855 1842 |
| Dec. | 1800 1805 | +26.5 | 1810 1796 |
| Mar. | 1795-1810 | +17.5 | 1806 |

Sales: 1,733 (5,617) lots of 10 tonnes.

ICCO indicator prices (U S. cents per pound) Daily price for December 11 98 67 (97.46): five-day average for December 12 98 21 (98.22).

### COFFEE

| COFFEE | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| January | 2235 2238 | +22.5 | 2245 14 |
| March | 2228 2222 | +9.5 | 2240 22 |
| May | 2215-2219 | +3.5 | 2225 12 |
| July | 2218 2220 | +1.0 | 2225 18 |
| Sept. | 2215 2220 | +6.5 | 2222 |
| Nov. | 2215-2218 | +3.5 | 2216 |
| Jan. | 2208 2215 | +4.0 | — |

Sales: 1,454 (2,908) lots of 5 tonnes

ICO indicator prices (U S cents per pound) for December 11 Comp. daily 1979 133 75 (133 16): 15-day average 135 34 (135 67).

### GRAINS

Business done—Wheat: Jan 109.75-9 70, Mar 113.40-3 35, May 116 90-6.85, July 118 90 only. Sept 98 15 only. Nov 101.70-1 65 Sales: 107 lots of 100 tonnes. Barley: Jan 110 00-9.80, Mar 113 15-3 10, May 15 80-5 70, Sept and Nov untraded. Sales: 31 lots of 100 tonnes

| Mnth | WHEAT Yesterd'ys close | + or — | BARLEY Yesterd's close | + or — |
|---|---|---|---|---|
| Jan. | 109.70 | -0.10 | 110.00 | +0.20 |
| Mar. | 113 35 | -0.05 | 113.15 | +0.15 |
| May. | 116 85 | -0.10 | 115.90 | +0.15 |
| July | 117.90 | -0.25 | — | — |
| Sept. | 98.25 | +0.10 | 97.85 | — |
| Nov. | 101.70 | +0.10 | 101.05 | — |

The old crop markets remain dull with barley improving 15-20p on lack of sellers. Wheat saw continued liquidation of January easing 5-10 on the day. New crops remained steady in thin volume, reports Muirpace. LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Jan 163, Feb 165 55, Mar 168.05 transhipment east coast. U S. no 2 soft red winters Jan 145 75, Feb 145, Mar 145 25. English feed fob Jan/Mar 114 east coast. Maize: U S no 3 yellow/French transhipment west coast second half Dec 146-145, Jan 147.50-146 50. Barley: English feed fob Jan 115 seller. Rest unquoted.

### PIGMEAT

Mixed trading in depressed conditions showed little change of sentiment, reports CCST Commodities.

| Month | Yesterdays close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| Feb | 113.80 | 113.00 | 113.80-13.20 |
| April | 112.60 | 112.00 | 112.60-11.90 |
| June | 109 50 | 109.30 | 109.50-08.20 |
| Aug | 107.10 | 107.20 | — |
| Oct | 112.60 | 112.60 | 112.60 |
| Nov | 113.70 | 113.60 | — |

Sales: 55 (106) lots of 50 carcases. 3,250 kg.

### POTATOES

Futures lacked any clear direction today, and traded throughout the session in a very narrow range for both April and May positions, with volume *thin. Levels drifted to finish near the* days lows, reports Coley and Harper.

| Month | Yesterdy's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 53.50 | 65.10 | 54.00 55.00 |
| April | 64 20 | 65.20 | 65.00 64.00 |
| May | 67.00 | 67.90 | 67.50 66.50 |
| Nov | 66.90 | 66.00 | 67.00-66.00 |
| Feb | — | 75.50 | — |

Sales: 279 (354) lots of 40 tonnes.

### RUBBER

PHYSICALS — The London market opened unchanged, attracted little interest throughout the day and closed dull, reports Lewis and Peat Closing prices (buyers). Spot 61 00p (same). Jan 71 25p (same). Feb 71 75p (same). The Kuala Lumpur Dec fob price for RSS No. 1 was 192.5 (192.75) and for SMR 20 was 185 5 (same).

### OIL

The market firmness this morning because API statistics showed a drop in U S. crude stocks soon ran out of steam and talk closed down around yesterday's levels Nymex opened 7c up but had lost 20c by 1 pm EST. The European products market was quiet. Gas oil prices softened slightly due to poor end user demand and continued good supply. Heavy fuel prices were stable but market sentiment for December delivery was firm Petroleum Argus London

**SPOT PRICES**

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arab Light | 27.50 27.55 | -0.75 |
| Arab Heavy | 26.00 26.10 | -0.05 |
| Dubai | 26.50 26.60 | -0.10 |
| Brent Blend | 27.25 27.45 | -0.10 |
| W.T.I. (1 pm est) | 26.95 27.10 | -0.15 |
| Forcados Nigeria | 27.35 27.45 | -0.125 |
| Urals | 27.35 27.70 | -0.075 |
| PRODUCTS—North West Europe (cif $ per tonne) | | |
| Premium gasoline | 241 243 | |
| Gas Oil | 222 224 | |
| Heavy fuel oil | 183 185 | |

* Jan.

Petroleum Argus Estimates

**GAS OIL FUTURES**

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Dec. | 224.75 | -0.25 | 228.25-24.75 |
| Jan | 227.25 | -0.25 | 229.00 27.25 |
| Feb | 227.00 | -0.75 | 228.00 27.00 |
| March | 224.00 | -0.75 | 225.50 24.00 |
| April | 221.25 | -1.25 | 221.50 210.25 |
| May | 221.25 | -1.25 | 221.50 21.25 |
| June | 221.50 | | 221.50 |

Turnover: 1 439 (1,683) lots of 100 tonnes.

### COTTON

LIVERPOOL—Spot and shipment sales amounted to 176 tonnes. Moderate trading developed with Central and South American growths in request. Users also wanted East and West African varieties.

### SOYABEAN MEAL

The market opened unchanged to 50p lower in active trading, reports T. G. Roddick. During the afternoon prices eased with shipper selling interest.

| | Yesterday close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Dec | 147.0-151.0 | — | — |
| Feb | 141.6-141.7 | -1.00 | 142.8 141.5 |
| April | 141.5 141.8 | -1.10 | 142 5-141.9 |
| June | 142.7 142.8 | -1.00 | 145.5 |
| August | 145.5 145.8 | -0.60 | — |
| October | 146.5 148.0 | -0.75 | — |
| Dec | 147.5 148.5 | -1.50 | — |

Sales: 239 (317) lots of 20 tonnes. 0 (0) lots of 100 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar $103 00 (£86 00) down $2 00 (down £1 00) a tonne for Dec/Jan delivery. White sugar $143 50, down $2 00. The market seemed sold out at $129 based on March and gains of $3 were recorded before sellers re-appeared, reports C. Czarnikow.

| No.6 Con-tract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Mar | 151.4 131.8 | 129.4-129.6 | 132.2 129.4 |
| May | 138.4 138.8 | 136 4 136.6 | 139.4 136.6 |
| Aug | 148.8 149.0 | 147.0 147.6 | 149.8 147.4 |
| Oct | 156 2 156.4 | 154.4-154.6 | 156.6 154.8 |
| Dec | 162 6 163.5 | 161.0 161.8 | 165.0 161.6 |
| Mar | 177.0 172.2 | 176.0-176.4 | 177.6 176.0 |
| May | 185.4-185.0 | 182.0 183.4 | — |

Sales 2,177 (5,077) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £190 00 (£191 00) a tonne for export.

International Sugar Agreement—(U S cents per pound fob and stowed Caribbean ports ) Prices for December 11 Daily price 3 56 (3 72): 15-day average 3 96 (4 00).

### HIDES

HIDES—Birmingham (Manchester) Second clears Ox 31-35 5p kg. 103 5p withdrawn (107 0p) 26-30 5p kg. 112 5p withdrawn (116 8p). 22-25 5p kg 126 6p withdrawn (131 2p) Cows 25 5 kg. 129 0p a kg withdrawn (131 8p)

## Sulphur price rise

FREEPORT MINERALS, a subsidiary of Freeport-McMoRan is increasing its Tampa, Florida, price for dark sulphur $15.00 per long ton to $162.50 per ton fob terminal, with equivalent rises in delivered sulphur prices to domestic clients in other regions. The new price was in line wthe prices established by other suppliers, Freeport said.

## U.S. MARKETS

GOLD AND SILVER were steady to higher with light short covering developing on an oversold condition, reports Heinold Commodities. Settlement of the Peruvian strike encouraged modest selling in copper. Aluminium was under pressure from arbitrage selling linked to weakness in sterling. Sugar attracted light trade support as speculative based selling eased following recent falls. Cocoa weakened on lack of follow-through buying as additional cocoa was tendered against nearby commitments. Coffee firmed on a tight nearby situation along with potential for a quota cut early next week. Heating oil prices opened strong on a bullish stock report but collapsed midway through the day, closing with sharp losses.

### NEW YORK

**ALUMINIUM 40,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 50.20 | — | — | 51.00 |
| Jan | 50.40 | — | — | 51.25 |
| March | 51.30 | 52.30 | 51.30 | 52.15 |
| May | 52.15 | 52.85 | 52.65 | 53.00 |
| July | 53 00 | 53 70 | 53.60 | 53.85 |
| Sept | 53.85 | 54.45 | 54.45 | 54.70 |
| Dec | 55.20 | — | — | 56.05 |
| Jan | 55.65 | — | — | 56.50 |
| March | 56.55 | — | — | 57.40 |

**COCOA 10 tonnes, $/tonnes**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 2340 | 2340 | 2313 | 2339 |
| March | 2114 | 2116 | 2090 | 2120 |
| May | 2114 | 2114 | 2088 | 2120 |
| July | 2110 | 2110 | 2093 | 2115 |
| Sept | 2116 | 2116 | 2101 | 2115 |
| Dec | 2063 | 2065 | 2050 | 2070 |
| March | 2070 | — | — | 2070 |

**COFFEE "C" 37,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 144.71 | 44 90 | 43.25 | 43.23 |
| March | 140.35 | 40.70 | 39.50 | 39.45 |
| May | 138.00 | 38.25 | 37.20 | 37.40 |
| July | 136 34 | 36.70 | 35.85 | 35.85 |
| Sept | 134.83 | 35.20 | 34 50 | 34.68 |
| Dec | 133.75 | 33.70 | 33 50 | 33 05 |
| March | 132.60 | 32.60 | 32.60 | 32.51 |
| May | 131.61 | 31.61 | 31.61 | 31.51 |

**COPPER 25,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 58.30 | 58 80 | 58 30 | 58.40 |
| Jan | 58.40 | 58.80 | 58 35 | 58.55 |
| Feb | 58.80 | — | — | 58.95 |
| March | 59.20 | 59 80 | 59.10 | 59.35 |
| May | 59.90 | 60 50 | 59.85 | 60 05 |
| July | 60.60 | 61.10 | 60.60 | 60.75 |
| Sept | 61.30 | 61.60 | 61 20 | 61.45 |
| Dec | 62.35 | 62.80 | 62 30 | 62.50 |
| Jan | 62.70 | — | — | 62.85 |
| March | 63.40 | 63.70 | 63.70 | 63.55 |

**COTTON 50,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 65 45 | 65.55 | 65 16 | 65.30 |
| May | 66.35 | 66.50 | 66 25 | 66 30 |
| July | 67 50 | 67 70 | 67.47 | 67.56 |
| Oct | 67 96 | 68.00 | 67 95 | 68.09 |
| Dec | — | — | — | 65.83 |
| March | 69 26 | 69.40 | 69 40 | 69 40 |
| May | 70 00 | — | — | 70.06 |

**CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 26.72 | 27 35 | 26 68 | 27.25 |
| Feb | 26 80 | 27.27 | 26 70 | 27.16 |
| March | 26 66 | 27.13 | 26 60 | 27 02 |
| April | 26 50 | 26.99 | 26 47 | 26 89 |
| May | — | 26.86 | 26.50 | 26.82 |
| June | — | 26.55 | 26.40 | 26 76 |
| July | — | 26.55 | 26.65 | 26.74 |
| August | — | 26.78 | 26.78 | 26.88 |
| Sept | 26.50 | — | — | 26.68 |
| Oct | 26.50 | — | — | 26.68 |

**GOLD 100 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 325 9 | 329.0 | 323 0 | 325 5 |
| Jan | 327.2 | — | — | 327.0 |
| Feb | 329 5 | 333.5 | 327.0 | 329.3 |
| April | 314.1 | 337.5 | 331.0 | 334.0 |
| June | 339.2 | 342.5 | 336.4 | 339.2 |
| August | 344.4 | — | — | 344.5 |
| Oct | 349 9 | — | — | 350.1 |
| Dec | 355.7 | 357.0 | 354.0 | 356.0 |
| Feb | 361.9 | — | — | 362.3 |
| April | 368.0 | — | — | 368 5 |
| June | 374.7 | — | — | 375.3 |
| August | 381.4 | — | — | 382.1 |
| Oct | 388.3 | — | — | 389.2 |

**HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Jan | 75.60 | 77.10 | 75.50 | 76.41 |
| Feb | 75.90 | 77.45 | 75.80 | 76.83 |
| March | 73.30 | 74.65 | 73.25 | 74.11 |
| April | 71.00 | 71.80 | 70.60 | 71.52 |
| May | 70.15 | 71.10 | 70.50 | 70.75 |
| June | 69.75 | 70.70 | 70.30 | 70 70 |
| July | — | — | — | 70.90 |
| August | — | — | — | 70.75 |
| Sept | — | — | — | 70.85 |
| Oct | — | — | — | 27.82 |

**ORANGE JUICE 15,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 162.00 | 62.40 | 61.30 | 61.90 |
| March | 164.65 | 65.20 | 64.00 | 64.10 |
| May | 164.75 | 65.70 | 64.60 | 64.50 |
| Sept | 163.00 | — | — | 62.80 |
| Nov | 162.50 | 61.76 | 61.75 | 62.30 |
| Jan | 162.00 | — | — | 61.80 |
| March | 162.00 | — | — | 61.80 |

**PLATINUM 50 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 311.1 | 311 0 | 310.8 | 308.3 |
| Jan | 311 4 | 312.0 | 308.0 | 309.3 |
| Feb | 312.0 | — | — | — |
| April | 318 5 | 319.0 | 315.5 | 316.5 |
| July | 326 0 | 325.6 | 323.0 | 324.1 |
| Oct | 333.7 | 332.5 | 332.0 | 332.0 |
| Jan | 341.6 | — | — | 340.0 |

**SILVER 5,000 troy oz, cents/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 682.5 | 688.0 | 675.0 | 676.2 |
| Jan | 685.7 | — | — | 678.6 |
| Feb | 690 5 | — | — | 683 5 |
| March | 695 5 | 701.0 | 686.5 | 688.5 |
| May | 706 5 | 713 0 | 697 0 | 699 2 |
| July | 717 8 | 721 0 | 710.0 | 710.5 |
| Sept | 730.1 | 729.5 | 725.5 | 722.8 |
| Dec | 749.5 | 749 5 | 742.0 | 741 9 |
| Jan | 756.0 | 751.0 | 751 0 | 748 4 |
| March | 769 1 | 771.0 | 758.0 | 761 5 |

**SUGAR WORLD "11" 112,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 4 02 | 4 09 | 3 97 | 3 95 |
| March | 4.70 | 4.73 | 4.61 | 4.59 |
| May | 5.03 | 5 05 | 4 95 | 4.91 |
| July | 5 33 | 5.35 | 5.27 | 5 22 |
| Sept | 5 58 | 5 60 | 5 50 | 5 47 |
| Oct | 5 79 | 5 81 | 5.72 | 5.69 |
| Jan | 6 25 | 6 30 | 6 24 | 6.15 |
| March | 6.79 | 6.78 | 6.70 | 6.71 |
| May | 6 98 | — | — | 7.00 |

SPOT PRICES — Chicago loose lard 28 00 (29 50) cents per pound New York tin 538.0-549 0 (539 0-549 0) cents per pound Hardy and Harmann Silver bullion 680 0 (687 0) cents per troy ounce.

### CHICAGO

**LIVE CATTLE 40,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 67.47 | 67.52 | 67.20 | 67.07 |
| Feb | 65.92 | 65.95 | 65 22 | 65.12 |
| April | 67.55 | 67.60 | 66.90 | 66.82 |
| June | 67.32 | 67.37 | 66.90 | 66.90 |
| August | 65.32 | 65.40 | 64.95 | 64.92 |
| Oct | 63.20 | 63.45 | 63.10 | 62.92 |
| Dec | 64.80 | 64.80 | 64.45 | 64.50 |

**LIVE HOGS 30,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 52.57 | 52.80 | 52.15 | 52.25 |
| Feb | 51.90 | 52.00 | 51.50 | 51.82 |
| April | 48.07 | 48.10 | 47.60 | 47.75 |
| June | 51.10 | 51.20 | 50.85 | 51.05 |
| July | 51.45 | 51.55 | 51.27 | 51.27 |
| August | 48.85 | 48.95 | 48 50 | 48.45 |
| Oct | 45.87 | 46.50 | 45.80 | 46.00 |
| Dec | 47.80 | 48.00 | 47.60 | 47.85 |
| Feb | 48.35 | 48.55 | 48.35 | 48.50 |

**MAIZE 5,000 bu min, cents/56-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 253.2 | 256.4 | 252.6 | 257.6 |
| March | 268.0 | 270.4 | 267.6 | 272.2 |
| May | 275.6 | 278.2 | 275.4 | 279.6 |
| July | 280.2 | 282.6 | 280.0 | 283.6 |
| Sept | 276.6 | 279.0 | 276.6 | 280.0 |
| Dec | 273.4 | 275.4 | 273.2 | 278.2 |
| March | 284.4 | 286.0 | 284.2 | 287.0 |

**PORK BELLIES 38,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 71.95 | 72.00 | 70.80 | 70.75 |
| March | 71.80 | 71.90 | 70.70 | 70.57 |
| May | 72.80 | 72.85 | 71.70 | 71.52 |
| July | 72.90 | 72.95 | 72.17 | 72.10 |
| August | 70.35 | 70.35 | 69.65 | 69.50 |
| Feb | 67.80 | 68.05 | 67.60 | 67.02 |
| March | — | — | — | 69.10 |

**SOYABEANS 5,000 bu min, cents/60-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 584.6 | 590.4 | 584.4 | 592.4 |
| March | 596.2 | 603.6 | 597.4 | 605.4 |
| May | 610.2 | 616.4 | 610.0 | 618 4 |
| July | 621.0 | 627.0 | 620.4 | 629.2 |
| August | 621.4 | 627.0 | 621.4 | 630.4 |
| Sept | 612.4 | 618.0 | 612.4 | 619.4 |
| Nov | 612.0 | 616.4 | 611.4 | 618.0 |
| Jan | 626.0 | 630.0 | 625.0 | 632.0 |

**SOYABEAN MEAL 100 tons, $/ton**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 144.2 | 146.0 | 144.2 | 146.3 |
| Jan | 146.4 | 148.0 | 146.1 | 148.5 |
| March | 152.4 | 153 8 | 152.1 | 154 6 |
| May | 156.2 | 159.5 | 157.6 | 160.1 |
| July | 163.5 | 165.0 | 162.8 | 165.2 |
| August | 165.0 | 166.0 | 164.5 | 168.0 |
| Sept | 166.0 | 167.9 | 166.0 | 167.0 |
| Oct | 167.0 | 168.5 | 166.0 | 167.5 |
| Dec | 171.0 | 171.0 | 170.0 | 170.8 |

**SOYABEAN OIL 60,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 26.70 | 27.00 | 26 70 | 27.10 |
| Jan | 25.44 | 25.70 | 25.37 | 25.65 |
| March | 24.47 | 24.72 | 24.40 | 24.67 |
| May | 24.16 | 24.40 | 24.16 | 24.35 |
| July | 24.00 | 24.10 | 23.80 | 24.08 |
| August | 23.70 | 23.85 | 23.70 | 23.77 |
| Sept | 23.40 | 23.65 | 23.40 | 23.48 |
| Oct | 23.30 | 23.35 | 23.25 | 23.30 |
| Dec | 23.01 | 23.15 | 22.95 | 23.13 |

**WHEAT 5,000 bu min, cents/60-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 338.0 | 342.4 | 338.0 | 342.2 |
| March | 338.2 | 343.4 | 338.0 | 341.6 |
| May | 334.6 | 337.2 | 334.4 | 337.0 |
| July | 329.2 | 331.2 | 329.0 | 330.6 |
| Sept | 332.6 | 335.4 | 332 6 | 335.4 |
| Dec | 344 4 | 348.0 | 344.4 | 347.4 |

## OTHER MARKETS

### ROTTERDAM

SOYABEANS—(U S $ per tonne): U S no two yellow Gulfport, Dec 241 75, Jan 241 50, Feb 243 75, Mar 246 40 April 248 20, May 249 70, June 251 60 July 252 90 sellers Argentine June 239 20 July 239 20, sellers Soyameal—(U S. $ per tonne): U S 44 per cent afloat 170-164, Dec 163 50, Jan 164 Jan/Mar 166, April-Sept 176 sellers Pellets Brazil afloat 183 afloat cif Ghent 182 Dec 179 Jan 179, Jan-Mar 181 April-Sept 179 sellers Pellets Argentine afloat 180 167 Dec 167 Jan 167 Jan Mar 168 May Oct 175 sellers.

WHEAT—(U S $ per tonne). U S two soft red winter Jan 158 Feb 157, Mar 157 50 U S two northern spring 14 per cent protein Dec 176 Jan 180, Feb 183, Mar 185 April May 172, U S northern spring 15 per cent protein April/May 187 50 U S three hard amber durum Dec 199 Jan 202, Feb 204, Mar 205, April-May 187 June 191, Sept 198 Canadian one western amber durum April/May 208 Maize—U S. three yellow afloat cif Ghent 134 50, Dec 130 65, Jan 131, Feb 132 Mar 132 75, April/June 134 50, July/Sept 136 50 sellers Argentine Plate Mar 139 April, June 137 sellers.

### PARIS

Cocoa—(FFr per 100 kg): Dec 2071-2075 Mar 2076-2080 May 2087-2088, July 2085 bid Sept 2090 bid, Dec 2050-2070, Mar 2070 ask.

### WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business) New Zealand cents per kg Dec 500, 508, Jan 505, 506, 507; Mar 515, 516, 517 515 May 521, 523, 522-521, Aug 37, 538, 538 517; Oct 540 541, 41-540, Dec 547 543 543-540, Jan 544, 543 546 541; Mar 551, 553, 554 551: May 556, 558 558 556 Sales 58

SYDNEY GREASY WOOL—Close (in order buyer, seller, business) Australian cents per kg. Dec. 571 0, 573 0, 571 5-571 0. Mar 580.5, 582.0, 582.5-581 0; May 588.0, 590.0, untraded; July 597 0, 598 0, 598 0; Oct 586 5, 587 0 587.0: Dec 589.0, 590.0, 590 0; Mar 598 5, 603 0 598.6, May 600 0 605 0 602.0. Sales 51.

### MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 78 0 to 85.0. English forequarters 53 5 to 57.0 Veal—Dutch hinds and ends 121 0 to 126 0. Lamb—English small 75 0 to 80 00, medium 76 0 to 80 0, heavy 74 0 to 76 0. Scotch medium 75 0 to 78 0, heavy 72.0 to 75 0 Imported—New Zealand PL 67.0 to 68 0. Pork—English under 100 lb 58 0 to 60 0, 120-160 lb 48 0 to 58.0.

MEAT COMMISSION—Average fat stock prices at representative markets. GB—Cattle 103 60p per kg lw (+1.45) GB—Sheep 189 01p per kg est dcw (+3 50) GB—Pigs 87 53p per kg lw (+1 23)

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar drifts in dull trading

The dollar closed little changed after a very quiet day on the foreign exchanges. It opened firm, but then drifted lower on lack of any new factors. Today's figure on U.S. retail sales, and tomorrow's data on industrial production is expected to indicate a pick-up in economic activity after a period when the rate of growth had slowed. This helped to underpin the dollar but was largely offset by anticipation of a sharp fall in U.S. M1 weekly money supply after two weeks of higher figures.

At the same time fears of increased intervention by the Germand Bundesbank overhung the market, but although the central bank was a seller of dollars yesterday, this was not on a large scale.

U.S. interest rates do not appear to have much scope for change at present, and in the prevailing thin market the dollar's ability to move outside a narrow range of DM 3.05 to DM 3.10 is doubted.

Against this background the U.S. currency drifted around very quietly, easing to DM 3.0860 from DM 3.0870, and FFr 9.4625 from FFr 9.4650, while raising to SwFr 2.5530 from SwFr 2.5510 and Y247.25 from Y246.90.

On Bank of England figures the dollar's index rose to 142.8 from 142.5.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.1875. November average 1.2415. Exchange rate index fell 0.2 to 74.5, compared with 79.5 six months ago. The index opened at 74.6, the highest point of the day, and fell to a low of 74.3 at 2.00 pm.

Sterling was no more active than the dollar, remaining on the sidelines, but showing a slightly firmer tone against most major currencies, despite the fall in the Bank of England's index. After Tuesday's statement on oil pricing by the UK Energy Minister the market suspects that Britain is trying to avoid a confrontation with Opec, and will decide its next move after the meeting of Opec ministers next week. There was still an air of nervousness about the situation with regard to oil and coal supplies however, while the latest money supply figures were largely ignored, because of the distortion caused by the British Telecom share issue.

The pound gained 15 points to $1.1995-$1.2005, and also rose to FFr 11.3550 fro mFFr 11.3225; SwFr 3.06 from SwFr 3.0575; and Y296.50 from Y296, but was unchanged at DM 3.70.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5533. November average 2.9906. Trade-weighted index 120.7 against 126.0 six months ago.

The German Bundesbank was reported to have sold a small amount of dollars on the open market, as the D-mark recorded small mixed changes against other major curencies. The German central bank also sold $15.55m at the Frankfurt fixing, as the dollar rose to DM 3.0895 from DM 3.0863. In very quiet end of year trading a slight easing of Eurodollar rates had little impact and there was also virtually no reaction to the forecast by Dr Henry Kaufman of Salomon Brothers of higher U.S. interest rates and stronger economic growth in 1985. Sterling fell to DM 3.6990 from DM 3.7100, at the fixing, and the Swiss franc to DM 1.20855 from DM 1.2117. Within the EMS the French franc declined to DM 32.630 per 100 francs from DM 32.635, and the Dutch guilder to DM 88.625 per 100 guilders from DM 88.630.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu December 12 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc ... | 44.9008 | 44.9151 | +0.03 | +0.41 | ±1.5428 |
| Danish Krone ... | 8.14104 | 7.98539 | −1.91 | −1.53 | ±1.6421 |
| German D-Mark | 2.24184 | 2.23348 | −0.37 | +0.01 | ±1.1483 |
| French Franc ... | 6.87456 | 6.84266 | −0.46 | −0.08 | ±1.3659 |
| Dutch Guilder... | 2.52595 | 2.52007 | −0.23 | +0.15 | ±1.5165 |
| Irish Punt ...... | 0.72569 | 0.715295 | −1.43 | −1.05 | ±1.6671 |
| Italian Lira ...... | 1403.49 | 1375.89 | −1.95 | −1.97 | ±4.0511 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York

| | December 12 | Prev. close |
|---|---|---|
| £ Spot | $1.1990-1.1997 | $1.1990-2000 |
| 1 month | 0.07-0.04 pm | 0.07-0.04 pm |
| 3 months | 0.14-0.11 pm | 0.11-0.06 pm |
| 12 months | 0.30-0.40 dis | 0.50-0.65 dis |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING EXCHANGE RATE INDEX

| | Dec 12 | Previous |
|---|---|---|
| 8.30 am | 74.5 | 74.8 |
| 9.00 am | 74.5 | 74.7 |
| 10.00 am | 74.4 | 74.7 |
| 11.00 am | 74.5 | 74.7 |
| Noon | 74.4 | 74.7 |
| 1.00 pm | 74.4 | 74.6 |
| 2.00 pm | 74.3 | 74.6 |
| 3.00 pm | 74.5 | 74.7 |
| 4.00 pm | 74.5 | 74.7 |

### POUND SPOT—FORWARD AGAINST POUND

| Dec 12 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.1935-1.2005 | 1.1995-1.2005 | 0.08-0.05c pm | 0.65 | 0.14-0.09pm | 0.38 |
| Canada | 1.5800-1.5850 | 1.5831-1.5848 | 0.12-0.20c dis | −1.29 | 0.28-0.41dis | −0.87 |
| Nethlnd. | 4.16¾-4.19 | 4.18-4.19 | 1½-1¼c pm | 3.94 | 4-3¾pm | 3.58 |
| Belgium | 74.28-74.60 | 74.50-74.60 | 3-8c dis | −0.88 | 12-19dis | −0.83 |
| Denmark | 13.23-13.27 | 13.24-13.25 | 2¼-3¼ore dis | −2.60 | 6⅞-7⅞dis | −2.23 |
| Ireland | 1.1848-1.1904 | 1.1855-1.1865 | 0.45-0.61p dis | −5.36 | 1.34-1.58dis | −4.92 |
| W. Ger. | 3.69-3.71 | 3.69½-3.70½ | 1¼-1pf pm | 3.65 | 3¼-3⅛pm | 3.78 |
| Portugal | 197½-199¼ | 198-199½ | 210-635c dis | −25.51 | 585-1745d | −23.45 |
| [illegible] | | | | | | |

Belgian rate is for convertible francs. Financial franc 74.95-75.05. Six-month forward dollar 0.08-0.03c pm. 12-month 0.30-0.45c dis.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| Dec 12 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.1935-1.2005 | 1.1995-1.2005 | 0.08-0.05c pm | 0.65 | 0.14-0.09pm | 0.38 |
| Ireland† | 1.0085-1.0117 | 1.0107-1.0117 | 0.52-0.48c pm | 6.06 | 1.35-1.27pm | 5.24 |
| Canada | 1.3187-1.3214 | 1.3200-1.3205 | 0.17-0.20c dis | −1.68 | 0.36-0.41dis | −1.17 |
| Nethlnd. | 3.4820-3.4910 | 3.4865-3.4875 | 0.95-0.92c pm | 3.22 | 2.88-2.83pm | 3.28 |
| Belgium | 62.00-62.24 | 62.00-62.10 | 7½-8½c dis | −1.54 | 16-18dis | −1.09 |
| Denmark | 11.03-11.06 | 11.04¾-11.05¼ | 2-2½ore dis | −2.44 | 5-5½dis | −1.90 |
| W. Ger. | 3.0835-3.0940 | 3.0855-3.0865 | 0.87-0.82pf pm | 3.28 | 2.71-2.66pm | 3.48 |
| Portugal | 165¾-166½ | 165¾-166½ | 175-525c dis | −25.33 | 500-1450d | −23.52 |
| [illegible] | | | | | | |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### OTHER CURRENCIES

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### CURRENCY RATES

[illegible]

### EXCHANGE CROSS RATES

[illegible]

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Dec. 12 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 9⅜-9½ | 8⅛-8⅝ | 10⅛-10½ | 5⅝-5¹¹⁄₁₆ | 1⅛-1½ | 5⅛-5⅝ | 10⅝-10⅝ | 14½-15½ | 10⅛-10⅞ | 10½-10⅞ | 6⅜-6½ | 11⅞-12⅜ |
| 7 days' notice | 9⅜-9½ | 8¹¹⁄₁₆-8¹¹⁄₁₆ | 10⅜-10¾ | 5¹¹⁄₁₆-5¹³⁄₁₆ | 1½-1¾ | 5⅜-5⅝ | 10½-10¾ | 15-16 | 10-10¾ | 10⅛-10¾ | 6¼-6½ | 11¾-12¼ |
| Month | 9¹¹⁄₁₆-9¾ | 8¹³⁄₁₆-9⅛ | 10⅞-10⅝ | 5¹³⁄₁₆-5¹³⁄₁₆ | 5⅜-5⅝ | 5¾-5⅞ | 10⅝-10⅞ | 14¾-15¼ | 10¼-10¾ | 10½-10¾ | 6½-6⅞ | 11¾-12¼ |
| Three months | 9⅞-9⅞ | 9⅛-9¼ | 10⅝-10⅞ | 5⅞-6 | 5-5⅛ | 5¹⁵⁄₁₆-5¹⁵⁄₁₆ | 10⅞-10⅞ | 14¾-15¼ | 10¼-10¾ | 10½-10¾ | 6⅜-6⅝ | 11⅝-12⅛ |
| Six months | 9¾-9⅞ | 9⅛-9½ | 10⅞-10⅝ | 5¹⁵⁄₁₆-6⅛ | 4⅞-5⅛ | 5¹⁵⁄₁₆-6⅛ | 11⅛-11⅝ | 14⅞-15¼ | 10¼-10¾ | 10½-10¾ | 6⅜-6⅝ | 11½-12 |
| One year | 10⅛-10⅛ | 10¼-10⅜ | 10¾-10⅞ | 6⅛-6⅛ | 4⅞-5⅛ | 5¹⁵⁄₁₆-6⅛ | 11¾-12 | 15-15½ | 10¾-11¼ | 10⅝-10⅞ | 6⅜-6⅝ | 11⅞-12 |

Asian $ (closing rates in Singapore): Short-term 8¾-8⅞ per cent; seven days 8¹¹⁄₁₆-8¹⁵⁄₁₆ per cent; one month 8-9⅞ per cent; three months 9⅞-9¾ per cent; six months 9⅞-9¹¹⁄₁₆ per cent; one year 10⅞-10⅞ per cent. Long-term Eurodollars: two years 11¼-11⅞ per cent; three years 11½-11⅞ per cent; four years 11⅝-11⅞ per cent; five years 11⅞-12⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

## MONEY MARKETS

# UK rates slightly firmer

UK rates were slightly firmer where changed in London yesterday. Trading was mostly quiet although there was some underlying concern over sterling's performance which probably accounted for the slightly firmer tone. Three-month interbank money was quoted at 9⅞-9¹³⁄₁₆ per cent from 9¹¹⁄₁₆-9¹³⁄₁₆ per cent while three-month eligible bank bills were bid at 9⁹⁄₃₂ per cent, unchanged from Tuesday. Overnight interbank money touched 9¾ per cent earlier in the day before slipping away to 2 per cent.

The Bank of England forecast a shortage of around £850m which was later revised to £900m. Total assistance amounted to £977m. Factors affecting the market included maturing assistance and a take up of Treasury bills together draining £479m and the unwinding of previous sale and repurchase agreements a further £719m. There was also a rise in the note circulation of £160m and banks brought forward balances £50m below target. These were partly offset by Exchequer's transactions which added £565m.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £424m and comprised purchases of £10m of eligible bank bills in band 1 (up to 14 days) at 9¼ per cent and £12m in band 2 (15-33 days) at 9⅜ per cent. In band 3 (34-63 days) it bought £25m of eligible bank bills at 9¼ per cent and in band 4 (64-91 days) £8m of local authority bills and £369m of eligible bank bills all at 9⅛ per cent.

Further help in the morning totalled £195m and comprised purchases of £6m of eligible bank bills in band 2 at 9⅜ per cent and £51m in band 3 at 9¼ per cent. In band 4 it bought £17m of local authority bills and £121m of eligible bank bills all at 9⅛ per cent. In the afternoon the Bank gave assistance of £195m, comprising purchases of £6m of eligible bank bills in band 2 at 9⅜ per cent and £51m in band 3 at 9¼ per cent. In band 4 it bought £17m of local authority bills and £121m of eligible bank bills all at 9⅛ per cent. It also provided late assistance of around £50m.

**UK clearing bank's base lending rate 9½-9¾ per cent since November 23.**

### MONEY RATES

| Dec. 12 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.45-5.50 | 10½ | 1⅝-1⅝ | 5⅝-5¾ | 6.53125 | 16⅞-17¼ | 10.50 | 14⅞-15⅛ |
| One month | 5.85-6.00 | 10¹¹⁄₁₆-10¹³⁄₁₆ | 5-5⅛ | 5¾-5⅞ | 6.53125 | 16⅞-17¼ | 10⅝-10⅞ | 15-15¼ |
| Two months | 5.80-5.95 | 10⅝-10¾ | — | — | — | — | — | 15-15½ |
| Three months | 5.75-5.90 | 10⅝-10¾ | 5-5⅛ | 5⅞-6 | 6.28125 | 16⅞-17¼ | 10⅝-10⅞ | 15-15¼ |
| Six months | 5.75-5.90 | 10⅞-10¹¹⁄₁₆ | — | 5¹⁵⁄₁₆-6¹⁄₁₆ | — | — | 10½-10¾ | 14¾-15 |
| Lombard | 5.5 | — | — | — | — | — | — | — |
| Intervention | — | 10¾ | — | 5¾ | — | — | — | — |

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

| Dec. 12 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 2-9¾ | 9⅜ | 8½-9⅝ | 5-9½ | — | — | — | — | — |
| [illegible] | | | | | | | | | | |

### FT LONDON INTERBANK FIXING

[illegible]

### MONEY RATES

NEW YORK (Lunchtime)

[illegible]

## FINANCIAL FUTURES

# Eurodollars firm

Euro-dollar prices were a little firmer in the London International Financial Futures Exchange yesterday. Once again trading volume was omparatively low due to the proximity of the year end. In addition sentiment in the U.S. dictated a note of caution

Prices were held steady in Europe after a firmer opening but renewed buying after the opening of U.S. centres pushed values firmer, aided by a lower Federal funds rate and recent comments by Mr Henry Kaufman, of Salomon Brothers, suggesting a further cut in the U.S. discount rate. The March price opened at 90.15 up from 90.13 and rose to a best level of 90.24 before finishing at 90.20.

Gilt prices were easier on the day with sentiment reflecting the market's reluctance to shrug off Tuesday's disappointing UK money supply figures. Sterling's weaker trend during the day was also a contributory factor behind the bearish tone. The March contract opened at 108-10 down from Tuesday's close of 108-11 before sliding away to close at 108-04.

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 90.20 | 90.24 | 90.15 | 89.84 |
| March | 89.72 | 89.74 | 89.68 | 90.13 |
| June | 89.28 | 89.28 | 89.24 | 89.65 |
| Sept | 88.90 | 88.90 | 88.87 | 89.23 |
| Dec | 88.56 | — | — | 88.50 |

Est volume 2,600 (2,512)
Previous day's open int 8,856 (10,136)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 90.27 | 90.28 | 90.25 | 90.19 |
| March* | 90.13 | 90.13 | 90.11 | 90.29 |
| June* | 89.99 | 89.99 | 89.97 | 90.18 |
| Sept* | 89.79 | 89.79 | 89.77 | 90.00 |
| Dec* | 89.50 | 89.55 | 89.50 | 89.77 |

Est volume 382 (830)
Previous day's open int 5,506 (5,372)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 108-30 | 109-09 | 108-26 | 109-01 |
| March | 108-04 | 108-18 | 108-02 | 108-11 |
| June | 107-21 | — | — | 107-28 |
| Sept | 110-10 | — | — | 110-17 |

Est volume 2,290 (4,004)
Previous day's open int 3,363 (2,889)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −2 to 05 (32nds)

STERLING £25,000 $ per £

[illegible]

### CHICAGO

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 72-03 | 72-03 | 72-00 | 71-27 |
| March | 71-11 | 71-16 | 71-01 | 71-04 |
| June | 70-22 | — | — | 70-16 |

Est volume 925 (1,785)
Previous day's open int 1,865 (1,811)

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 72.05 | 72-10 | 71-31 | 71-26 |
| March | 71-12 | 71-17 | 71-06 | 71-01 |
| June | 70-23 | 70-27 | 70-18 | 70-12 |
| Sept | 70-04 | 70-08 | 70-04 | 69-26 |
| Dec | 69-20 | 69-24 | 69-20 | 69-10 |
| March | 69-07 | 69-10 | 69-07 | 68-29 |
| June | 68-27 | 68-30 | 68-27 | 68-16 |
| Sept | 68-16 | 68-19 | 68-16 | 68-05 |
| Dec | 68-06 | 68-07 | 68-06 | 67-27 |
| March | — | — | — | 67-18 |
| June | 67-21 | 67-22 | 67-21 | 67-10 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.70 | 91.72 | 91.65 | 91.65 |
| March | 91.41 | 91.44 | 91.33 | 91.31 |
| June | 90.94 | 90.97 | 90.86 | 90.85 |
| Sept | 90.54 | 90.54 | 90.49 | 90.46 |
| Dec | 90.19 | 90.19 | 90.18 | 90.13 |
| March | 89.89 | 89.89 | 89.88 | 89.82 |
| June | 89.64 | 89.64 | 89.60 | 89.57 |
| Sept | 89.39 | 89.39 | — | 89.33 |

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

STERLING (IMM) Se per £

[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

[illegible]



## Public Notices

### Steel Wire Fencing

#### Monopoly Investigation

Sir Gordon Borrie, Director General of Fair Trading, has asked the Monopolies and Mergers Commission to investigate the supply of steel wire fencing in the United Kingdom, and determine whether a monopoly situation exists.
The inquiry will look into all aspects of the steel wire fencing market including the distribution and pricing policies related to the products.
If you—or any organisation to which you belong—have any evidence or views likely to help the Commission in their inquiry please write to:

The Secretary,
Monopolies and Mergers Commission,
New Court, Carey Street, London WC2A 2JT.

# News International to raise $350m facility

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

NEWS International, the UK subsidiary of Mr Rupert Murdoch's News Corporation publishing and television group, is raising $350m in the Euromarkets through an eight-year facility led by Citicorp.

The funds are to be used to finance the recent acquisition of several magazine titles from Ziff-Davis of the U.S.

Under the terms of the facility, News International will be able to seek short-term advances from banks, which will be bid by a tender panel of participating institutions.

The banks will also provide a backstop loan facility that can be drawn on if the bids for the advances produce an unacceptably high interest cost. The backstop facility carries an annual fee of 20 basis points.

If it is drawn, interest will be paid in addition to that fee at a margin of 30 basis points over the London inter-bank offered rate (Libor) for dollar deposits for the first five years, rising to 40 basis points thereafter.

| BHF Bank bond average | | |
|---|---|---|
| Dec 12 | | Previous |
| 102.860 | | 102.860 |
| High | 1984 | Low |
| 103.042 | | 98.058 |

Other lead managers in the facility are Commonwealth Bank of Australia and Midland Bank.

Separately, Sweden has asked banks participating in its $4bn facility arranged in the summer to bid by today on £100m in short-term advances. This is the first time it has used the advances mechanism available under the facility and reflects that it is now seeking sterling.

The Euronote sale which Sweden has used previously to draw on the facility may be used only when the drawing is to be in dollars, given the restrictions on trading such paper if denominated in other currencies.

• Lloyds Bank International has arranged another guarantee facility for Brazil whereby banks will back up drawings by CVRD, the mining concern, on a DM 500m loan package made available by the European Coal and Steel Community (ECSC).

Unlike a similar facility launched in the summer, the deal is not being co-financed with the World Bank, and although it comes under the existing Phase II commercial bank rescheduling for Brazil, its maturity is one year longer than the nine years that it provides for.

Banks will receive a 1⅜ per cent annual fee for guaranteeing drawings on the DM 150m facility, and if the guarantee is called, they will provide funds at a margin of 3 per cent over D-Mark Libor. In the 10th and last year of the facility, the guarantee fee rises to 1⅝ per cent.

Funds from the ECSC are being used to develop the Carajas iron ore project, and the ECSC is financing itself through the private placement of bonds in West Germany.

# Eurobonds steady in quiet trading

BY MAGGIE URRY IN LONDON

MOST of the action in the Eurodollar bond market is taking place at signing lunches these days. Yesterday a couple of dollar deals were launched, but both seem to have been aimed at specific investor groups.

Secondary market prices were ⅛ to ¼ point better, but trading was quiet.

Nomura International lead managed a $50m five-year issue for Shikoku Electric Power. This was priced with a 11⅛ per cent coupon and par issue price giving a yield below U.S. Treasury issues. Even so, the paper was bid at 99¾, suggesting buying interest from the Far East.

Forretningsbanken, the Norwegian private bank, is raising $30m through a 12-year floating rate note, lead managed by Bank of America International. This pays ⅛ per cent over the offered rate for three-month Eurodollar deposits in the London inter bank market, and front-end fees total 50 basis points.

Nomura Securities has again increased its floater for Crédit Lyonnais, now totalling $250m. Heavy demand from the Far East is keeping the bonds trading inside the 25 basis point selling concession.

The Korea Exchange Bank's Y30bn 10-year Samurai issue was priced with a 6.9 per cent coupon and 99.45 issue price by Nomura Securities. Euroyen yields seem to be undercutting the Samurai market, though, and an expected issue for Denmark should set a new benchmark for sovereign debt.

In the bulldog market Baring Brothers priced the £100m issue for IADB with a 9½ per cent coupon and 85.810 issue price. This gives a redemption yield of 11.424 per cent. Applications close this morning, with £30 payable now and the balance on June 19 1985.

Deutsche Bank launched the last issue on this month's D-Mark new issue calendar – a DM 300m deal for the EIB. The 10-year bonds pay a 7½ per cent coupon, and the issue price is par. The issue was well received, trading around 99¾, well inside the 1½ per cent selling concession.

A large new issue calendar is expected today and will probably run well into January.

Turnover in the D-Mark bond market improved, but prices were stable.

The Republic of South Africa is raising SwFr 55m through a private placement lead managed by UBS. The six-year issue has a 6⅛ per cent coupon and the issue price is par.

Another private placement appeared from Crédit Suisse for Keihin Electric Express Railway. The SwFr 50m issue has an indicated coupon or 3½ per cent and comes with equity warrants.

UBS is cutting the coupon on the SwFr 100m private placement for Renown, the Japanese clothing company, from 2½ per cent to 2 per cent. The rest of the terms will be set today, with the details of the DM 80m convertible issue.

Swiss franc bonds were unchanged, with turnover in the market low.



# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 12.

U.S. DOLLAR STRAIGHTS

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

DEUTSCHE MARK STRAIGHTS

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SWISS FRANC STRAIGHTS

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bk 7⅝ 94 | 15 | 100⅝ | 101⅛ | +0⅛ | −0⅛ | 7.27 |
| Eurofima 7⅝ 94 | 10 | 101¼ | 101¾ | 0 | −0⅝ | 7.14 |
| Int-Am Dev Bk 7½ 94 | 15 | 101⅛ | 101⅝ | −0⅛ | −0⅝ | 7.29 |
| New Zealand 7⅛ 90 | 15 | 101 | 101½ | +0⅛ | +0⅛ | 6.86 |
| World Bank 7 94 | 20 | 99⅝ | 100⅛ | 0 | 0 | 7.01 |

Average price change On day 0 on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Chrysler Credit 14 91 C$ | 50 | †103⅜ | 103⅞ | +0⅛ | −0⅛ | 13.15 |
| Denmark Kingdom 13 89 C$ | 100 | †101⅜ | 102⅛ | 0 | +0⅛ | 12.39 |
| Fed Business 12½ 87 C$ | 50 | †101½ | 102 | 0 | −0¼ | 11.66 |
| Manitoba 13¼ 94 C$ | 30 | †102½ | 103 | 0 | −0⅛ | 12.73 |
| Metro Toronto 13 94 C$ | 50 | †105¼ | 105¾ | +0⅛ | 0 | 12.01 |
| Trizec Corp 13 89 C$ | 50 | †101 | 101½ | +0½ | +0⅛ | 12.61 |
| Vienna City 13¼ 94 C$ | 82 | †104⅞ | 105¼ | +0⅛ | 0 | 12.38 |
| Winnipeg City 12¾ 91C$ | 50 | †102⅛ | 102⅜ | 0 | −0⅛ | 12.16 |
| World Bank 12⅝ 91 C$ | 75 | †103⅝ | 104⅛ | +0⅛ | 0 | 11.84 |
| E.I.B. 10⅝ 90 ECU | 50 | 103⅞ | 104⅜ | +0½ | +1⅛ | 9.77 |
| E.I.B. 11¼ 94 ECU | 50 | 106⅛ | 106⅝ | 0 | +0½ | 10.10 |
| I.I.J. 11 89 ECU | 80 | 103⅝ | 104⅛ | 0 | +1⅛ | 9.98 |
| Amro 8¼ 89 FL | 100 | 103⅞ | 104⅜ | 0 | 0 | 7.14 |
| Algemene Bk 7¾ 89 FL | 150 | 102⅞ | 103⅜ | +0⅛ | +0⅛ | 6.97 |
| Dai-ichi 8½ 89 FL | 50 | 101⅞ | 102⅜ | 0 | 0 | 7.82 |
| French-Gros 8¼ 89 FL | 60 | 102 | 102½ | +0⅛ | +0¼ | 7.57 |
| New Zealand 8⅛ 89 FL | 100 | 104 | 104½ | 0 | 0 | 7.11 |
| Charbonnages 13¾ 85 FF | 400 | 101⅞ | 102⅞ | 0 | −0⅛ | 11.26 |
| Air Canada 11¼ 94 £ | 40 | 101½ | 101⅞ | −0⅛ | −0⅛ | 10.98 |
| Cecl Europe 11⅜ 92 £ | 60 | 100¼ | 100¾ | 0 | +0½ | 11.25 |
| Denmark 10¾ 89 £ | 75 | 97⅞ | 98⅛ | −0½ | −0⅛ | 11.29 |
| Denmark 11⅞ 94 £ | 75 | 101⅝ | 102⅛ | −0⅛ | −0¼ | 11.52 |
| E.E.C. 11⅝ 94 £ | 50 | 101⅛ | 101⅝ | −0⅛ | −0⅝ | 11.11 |
| E.I.B. 10¾ 92 £ | 50 | 96⅞ | 97⅜ | −0⅛ | −0⅛ | 11.34 |
| ICI Finance 8½ 99 £ | 100 | 102⅛ | 102⅝ | 0 | 0 | 8.21 |
| Ireland 11⅜ 94 £ | 50 | 97¾ | 98¼ | −0⅛ | −0½ | 11.71 |
| New Zealand 10⅛ 89 £ | 100 | 97⅛ | 97⅝ | −0⅛ | −0⅛ | 11.30 |
| O.K.B 12⅛ 91 £ | 30 | 104½ | 104⅞ | 0 | +0⅛ | 11.23 |
| Royal Trustco 12¼ 89 £ | 30 | 103⅜ | 103⅞ | +0⅛ | +0⅛ | 11.15 |
| SNCF 11⅛ 94 £ | 80 | 99½ | 100 | −0⅛ | −0¼ | 11.27 |
| Sth Africa Rep 12½ 89£ | 40 | *†101 | 101½ | 0 | +0½ | 12.08 |
| United Tech 11⅛ 89 £ | 35 | 103⅞ | 104⅜ | −0⅛ | −0⅛ | 10.06 |
| World Bank 10⅝ 89 £ | 100 | 97⅞ | 98⅜ | −0¼ | −0⅛ | 11.15 |
| E.C.S.C. 10½ 94LF | 100 | 102⅝ | 103⅛ | +0⅛ | +0⅜ | 9.96 |
| Nat Lux Alum 10½ 92 LF | 600 | 102⅝ | 103⅛ | 0 | +0⅛ | 9.86 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| B.B.L. Int 5 89 | 0¼ | 100 | 100⅛ | 11/4 | 11.69 | 11.67 |
| BankAmerica O/S 5¼ 96 | 0⅛ | 100 | 100½ | 28/12 | 11⅝ | 11.60 |
| Bank of Montreal 5 96 | 0⅛ | 100⅛ | 100⅝ | 25/1 | 10¼ | 10.22 |
| Bankers Trust 5⅛ 96 | 0⅛ | 100 | 100⅜ | 10/11 | 12.00 | 12.05 |
| Barclays O/S Inv 5 2004 | 0⅛ | 100 | 100¼ | 2/3 | 12.31 | 12.38 |
| Belgium 5 2004 | 0⅛ | 99½ | 100 | 11/4 | 13⅛ | 13.10 |
| B.F.C.E. 5¼ 99 | 0¼ | 100⅛ | 100⅝ | 13/3 | 12.19 | 12.13 |
| B.N.P. 5¼ 96 (July) | 0¼ | 100⅛ | 100⅝ | 21/1 | 12.94 | 12.87 |
| Chase Man'tn 5¼ 2009 | 0¼ | 99½ | 99¾ | 5/3 | 9.56 | 9.60 |
| Citicorp O/S 5¼ 96 Sep | 0⅛ | 99¼ | 99¾ | 19/12 | 11.18 | 11.24 |
| Credit Lyonnais 5¼ 96 | 0⅛ | 100⅜ | 100⅝ | 14/10 | 6⅛ | 6.22 |
| Dai-Ichi Kangyo 5¼ 96 | 0⅛ | 100 | 100½ | 16/11 | 12⅝ | 12.60 |
| Dresdner Fin 5¼ 89 | 0 | 99⅝ | 99⅞ | 23/11 | 12 | 12.03 |
| E.D.F. 5¼ 99 | 0⅛ | 100⅛ | 100⅜ | 23/2 | 12⅜ | 12.34 |
| Ireland 5⅛ 99 | 0⅛ | 100¼ | 100½ | 14/3 | 12⅜ | 12.33 |
| Italy, Republic 5 94 | 0⅛ | 99⅝ | 100 | 9/5 | 9.94 | 9.95 |
| Lloyds Euro 5 2004 § | 0¼ | 99⅞ | 100⅛ | 10/4 | 11½ | 11.50 |
| Midland Int Fin 5 99 § | 0⅛ | 100⅛ | 100⅜ | 6/3 | 12⅜ | 12.34 |
| Mort Bk Denmark 5¼ 99++ | 0⅛ | †100 | 100¼ | 11/11 | 11⅞ | 11.86 |
| Nat West-Perp 5 89 | 0⅛ | 100⅛ | 100⅜ | 10/11 | 12.44 | 12.38 |
| Queensland Coal 5⅛ 96 | 0⅛ | 100⅛ | 100⅜ | 9/11 | 11⅝ | 11.56 |
| Sweden Perp 5¼ 85 | 0⅛ | 100⅛ | 100⅜ | 9/2 | 13⅛ | 13.10 |
| Takugin 5¼ 94 § | 0⅛ | 100⅛ | 100⅜ | 15/3 | 12⅛ | 12.17 |
| Tokai 5⅛ 99 | 0⅛ | 100⅛ | 100⅜ | 12/12 | 12½ | 12.45 |
| Toyo 5⅛ 99 | 0⅛ | 100⅛ | 100⅜ | 14/12 | 12⅝ | 12.53 |

Average price change On day 0 on week −0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 3 99 | 4/84 | 853.84 | 95⅞ | 96⅞ | +1⅛ | 1.78 |
| Fanuc 3⅜ 98 | 1/84 | 7032.3 | 146⅜ | 147⅜ | +0 | 8.82 |
| Fujitsu 3 89 | 5/84 | 1320.5 | 99⅝ | 100⅝ | +1⅛ | 5.78 |
| Honda Motor 5¼ 98 | 6/83 | 694 | 126⅞ | 127⅞ | +0⅛ | 8.27 |
| Konishiroku Photo 4 98 | 10/83 | 673 | 86¼ | 87¼ | +3⅛ | 6.05 |
| Marui 3½ 99 | 7/84 | 1182 | 88½ | 89½ | +1⅛ | 2.33 |
| Minebea Co Ltd 5½ 98 | 5/83 | 867 | 99½ | 100½ | +1⅛ | 5.06 |
| Mitsubishi Elec 5¼ 98 | 6/83 | 396 | 98½ | 99½ | +1 | 1.76 |
| Murata 3½ 99 | 2/84 | 2351.2 | 103⅛ | 104⅛ | +3⅛ | 1.20 |
| Murata 3½ 2000 | 7/84 | 2398 | 102⅞ | 103⅞ | +4⅛ | 3.71 |
| Nippon Oil Co 3¼ 99 | 3/84 | 1052 | 86⅞ | 87⅞ | +0½ | 9.00 |
| Nissan Motor 5¾ 98 | 4/83 | 836.4 | 91¼ | 92¼ | +1½ | 1.51 |
| Oki Elec Ind 3½ 99 | 10/84 | 805 | 90 | 91 | +2⅝ | 4.58 |
| Orient Leasing 5¼ 98 | 8/83 | 2800 | 116⅞ | 117⅞ | +0⅛ | 1.67 |
| Secom 3⅛ 99 | 10/84 | 5434 | 90⅞ | 91⅞ | +3½ | 9.21 |
| Sekisui House 3 99 | 6/84 | 612 | 86⅛ | 87⅛ | +0⅛ | −0.33 |
| Sumitomo Corp 2⅞ 99 | 5/84 | 583 | 88⅞ | 89⅞ | +1½ | 1.75 |
| Takeda Riken 3⅛ 2000 | 10/84 | 7663 | 93¼ | 94¼ | +3 | 13.58 |
| Tokyo Sanyo Elec 3½ 99 | 12/84 | 772 | 91 | 92 | +0½ | 3.93 |
| Yamanouchi Pharm'cal 4 98 | 10/83 | 1493.2 | 124½ | 125½ | +2½ | 1.84 |
| Nippon Oil Co 2⅝ 92 SF | 3/84 | 1052 | †105 | 105½ | −1⅛ | 12.86 |
| Nippon Shinpan Co 2 92 SF | 3/84 | 801 | †94⅞ | 95 | −1⅛ | 30.79 |
| Sattsu Paper 2⅛ 92 SF | 4/84 | 677 | *†147½ | 148½ | 0 | −2.08 |
| Asics 5 92 DM | 12/83 | 520 | 100⅞ | 101⅞ | +0⅛ | 21.93 |
| Sun Realty 6⅛ 92 DM | 2/83 | 365 | 106 | 107 | −0⅞ | −2.27 |

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.